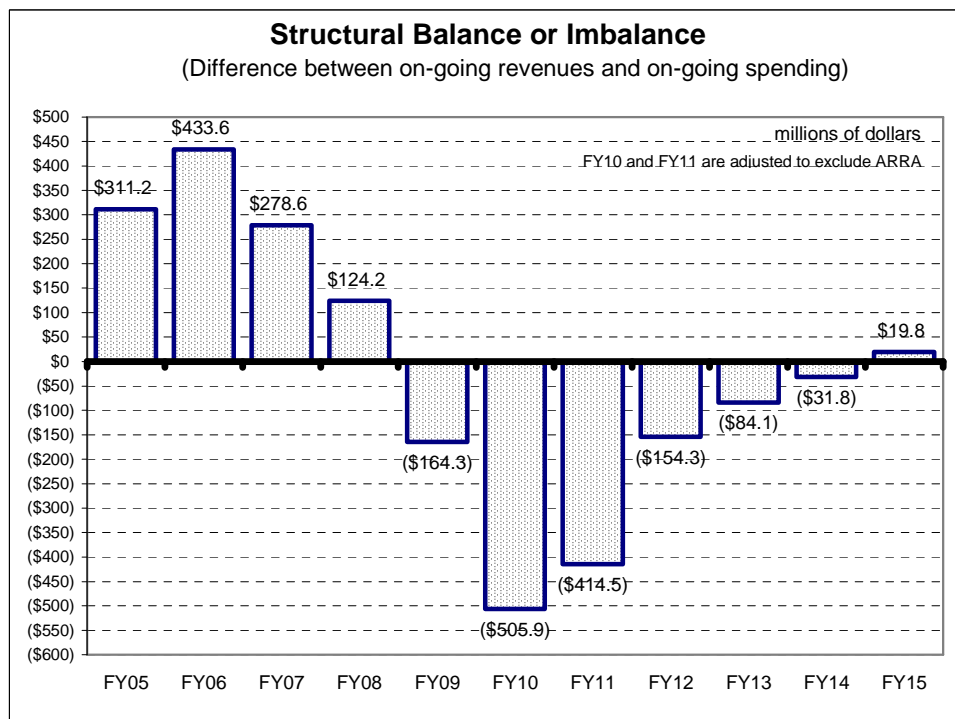


Appropriations Committee Preliminary Report

FY2011-12 / FY2012-13 Biennial Budget



Nebraska Unicameral Legislature
One Hundred Second Legislature, First Session
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SUMMARY

This preliminary budget is the first of several stages in the budget process. It provides a starting point for discussion of the various budget actions suggested at this point in time. Subsequent to the hearings, the Appropriations Committee will formulate its' formal recommendation to the Legislature at which time floor debate and amendment will take place, followed by Governor vetoes and legislative overrides if any.

- FINANCIAL STATUS** At the November meeting of the Tax Rate Review Committee the projected financial status resulted in an ending balance \$986 million below the minimum reserve. This estimate utilized the October 2010 revenue forecasts of the Nebraska Economic

Forecast Advisory Board (NEFAB) and projected appropriation levels using the latest estimates for TEEOSA school aid and information from the agency budget request

At that time, it was the best estimate of the costs of maintaining existing programs and services reflecting existing statute and policies. This provided a benchmark from which the policy makers could examine the changes to statute and policy choices that would be necessary to then actually balance the budget.

The Appropriations Committee Preliminary Budget as set forth here, eliminated that "shortfall" by a combination of cash fund transfers, Cash Reserve Fund transfers, lapse of prior year carryover appropriations, lower than projected increases in the budget ,

cuts in operations and state aid programs, and outright elimination of some programs. The projected status for the FY12/FY13 biennium shows an ending balance of \$211.3 million which is only \$785,012 above the minimum 3% reserve.(see Financial Status on page 4)

Committee Actions versus Pre-Session Estimate				
	Current Yr FY11	Biennial Budget FY12	FY13	3 Yr Total
Variance: Tax Rate Review Committee (Nov 2010)		(986.5)		
Variance: Committee Preliminary Budget (Feb 2011)				0.8
Difference				987.3
<u>Revenue Actions:</u>				
Cash Fund lapses	0.0	31.3	30.3	61.6
Cash Reserve Fund transfers	0.0	128.0	128.0	256.0
General Fund transfers-out	0.0	(23.3)	5.5	(17.8)
Lapse reappropriations	36.3	0.0	0.0	36.3
Reserve Change	0.0	0.0	(9.7)	(9.7)
Subtotal - Revenue	36.3	136.0	154.1	326.4
<u>Spending Actions:</u>				
TEEOSA aid, proposed vs current law	0.0	171.2	212.8	384.0
Retirement plan shortfall, assume higher contributions	0.0	24.6	56.4	81.0
Operations reductions	0.0	33.6	35.6	69.1
HHS Provider rates, 4% cut	0.0	26.2	26.2	52.3
Reduce funds Aid to Cities, Counties, NRD's	0.0	22.1	22.1	44.1
Employee health insurance, fund no added cost	0.0	13.9	29.1	43.0
High Ability Learners, Early Childhood	0.0	5.5	6.1	11.6
Depreciation assessments, extend suspension	0.0	6.1	6.3	12.4
Homestead Exemption (revised est)	0.0	4.0	8.8	12.8
Medicaid (program cuts)	0.0	5.6	5.7	11.3
Public Assistance (program cuts)	0.0	1.7	1.7	3.4
Lower fed Medicaid match rate 2012	0.0	(26.3)	(35.4)	(61.7)
Deficits and State Claims	(0.5)	0.0	0.0	(0.5)
All Other appropriations (net)	0.0	(4.3)	2.2	(2.1)
Subtotal - Appropriations	(0.5)	283.9	377.5	660.9
Total	35.7	419.9	531.7	987.3
* Negative amounts indicate lower spending and an improvement to the variance from the minimum reserve.				

About 1/3 of the actions to balance are on the revenue side of which the bulk is transfers from the Cash Reserve Fund. The other two-thirds of budget actions were on the spending side. Of these spending actions the two largest items could be considered "cost avoidance". In the case of TEEOSA aid and costs for defined benefit retirement plans the preliminary budget assumes passage of legislation which would negate the projected increases that had previously been incorporated into the financial status for the November meeting of the Tax Rate Review Committee and were projected based on current law..

With respect to the following biennium in FY2013-14 and FY2014-15, the combination of relatively flat spending growth in the current biennium and better revenue growth in the following biennium offsets the one-time use of Cash Reserve Funds and actually eliminates the negative structural imbalance (ie... difference between on-going revenue and on-going appropriations). While a positive structural balance is achieved at the end of the following biennium, the projected status still results in a projected ending balance about \$40 million below the minimum reserve.

● **REVENUE GROWTH** is very modest. Revenue growth (adjusted for rate and base changes) is low compared to the historical average. Revenue estimates for FY2010-11, FY2011-12, and FY2012-13 are the October 2010 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB). Revenue growth implied by these current forecasts is 5.8% in FY10-11, 2.6% in FY11-12 and 3.9% in FY12-13. The two year average for FY12/FY13 is 3.2% compared to the 4.9% historical average.

For the "following biennium", revenue growth is calculated at 6% per year using the historical average methodology. These calculated amounts are somewhat higher than preliminary, unofficial estimates prepared by the Nebraska Dept of Revenue (NDR) and Legislative Fiscal Office (LFO) using Global Insight forecasting information but not dramatically so.

The Nebraska Economic Forecast Advisory Board (NEFAB) is scheduled to meet February 25, 2011 and again in late April 2011 to review their existing forecasts. Changes in those forecasts could have a significant impact on the projected status as shown in this report.

● **SPENDING GROWTH** in the Committee preliminary budget is 1.2% in FY12 and 3.4% in FY13 for a two year average of 2.3%. This is virtually identical to the the Governor's recommendation but significantly less than the pre-session estimate which had projected growth of 9.5% in FY11-12 and 5.6% in FY12-13 for an average of 7.6% over the biennium. Much of the decline in the projected spending growth is attributed to funding levels for both TEEOSA school aid and defined benefit retirement plans based on proposed legislation. Spending growth was further reduced by the various cuts made in operations and state aid.

	Pre Session Est.		Governor		Committee Preliminary	
	FY11-12	FY12-13	FY11-12	FY12-13	FY11-12	FY12-13
Operations	2.9%	5.4%	-2.4%	1.0%	-2.5%	1.2%
State Aid to Individuals	10.5%	3.2%	9.2%	4.1%	9.9%	4.0%
State Aid to Local Govt	15.7%	7.8%	-1.7%	4.8%	-1.9%	5.0%
Construction	12.4%	-9.7%	-1.1%	5.9%	0.0%	5.8%
Annual % Change	9.5%	5.6%	1.1%	3.2%	1.2%	3.4%
Annual % Change excluding ARRA Medicaid FMAP and Corrections			-2.1%	3.2%	-2.0%	3.4%

The 1.2% spending growth in FY11-12 actually hides these budget cuts as the FY11-12 preliminary budget includes replacement of \$102.5 million of one-time ARRA funds used in the current FY10-11 budget; \$92.5 million related to the Medicaid match rate and \$17 million general stabilization funds used to offset General Funds in the Dept of Correctional Services. If not for replacing these one-time funds, there would actually be a 2% reduction in General Fund appropriations in FY2011-12

- **GOVERNORS RECOMMENDATION** The Governors proposed budget is lower than the Committee Preliminary budget by \$11.1 million over the biennium. The following table details most of the differences in appropriations

Major Differences: Committee vs Governor	FY2011-12	FY2012-13	Two Yr Total
HHS provider rate reduction (5% versus 4%)	6,542,688	6,542,688	13,085,376
TEEOSA Aid to Schools (General Funds only)	2,000,000	4,000,000	6,000,000
Aid to ESU's	2,167,357	2,167,357	4,334,714
Developmental Disability aid	1,400,000	2,400,000	3,800,000
Early Childhood program (shift to Ed Innovation Fund)	(3,365,962)	(3,365,962)	(6,731,924)
High Ability Learners Aid (shift to Ed Innovation Fund)	(2,175,673)	(2,715,673)	(4,891,346)
Public Assistance	(2,593,935)	(2,593,935)	(5,187,870)
All Other (net)	((583,359)	1,275,365	692,006
Total Difference from Governor	3,391,116	7,709,840	11,100,956

In terms of overall dollars used, the higher appropriations in the committee preliminary budget was offset by \$20 million of additional lapses (reductions) of reappropriated balances.

- **CASH RESERVE FUND** The Cash Reserve Fund unobligated balance at the end of the current FY10/FY11 biennium is projected at \$321.7 million. This is based on all existing statutory transfers and assumes repayment of \$8.5 million transferred to the Water Contingency Fund in FY2007-08.

The Appropriations Committee Preliminary Budget utilizes \$256 million of Cash Reserve Fund transfers to the General fund to assist in balancing the budget. This leaves a projected balance of \$65.7 million in the fund at the end of the FY12 / FY13 biennium.

GENERAL FUND FINANCIAL STATUS

Table 1 shown below includes the projected General Fund Financial Status based on the Appropriations Committee Preliminary budget. Furthermore, for planning purposes, an estimated financial status is also constructed for the following biennium allowing the Legislature to see the future implications of budget actions already taken or being considered.

Table 1 – General Fund Financial Status per Committee Preliminary Budget

	Current Year FY2010-11	Upcoming Biennium FY2011-12 FY2012-13		Following Biennium FY2013-14 FY2014-15	
1 BEGINNING BALANCE					
2 Beginning Cash Balance	296,986,417	142,162,190	142,140,137	211,311,095	174,487,554
3 Cash Reserve transfers-automatic	0	0	0	0	0
4 Carryover obligations from FY10 (net)	(207,763,520)	0	0	0	0
5 Lapse FY11 reappropriations	36,276,862	0	0	0	0
6 Allocation for potential deficits	0	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
7 Unobligated Beginning Balance	125,499,759	137,162,190	137,140,137	206,311,095	169,487,554
8 REVENUES					
9 Net Receipts (Oct 2010 NEFAB)	3,364,000,000	3,435,000,000	3,590,000,000	3,840,000,000	4,075,000,000
10 General Fund transfers-out	(120,725,000)	(144,000,000)	(112,700,000)	(118,200,000)	(118,200,000)
11 General Fund transfers-in	in forecast	31,300,000	30,300,000	0	0
12 Cash Reserve transfers (current law)	154,000,000	0	0	0	0
13 Cash Reserve transfers (new)	0	128,000,000	128,000,000	0	0
14 2011 Revenue Bills	0	0	0	0	0
15 General Fund Net Revenues	3,397,275,000	3,450,300,000	3,635,600,000	3,721,800,000	3,956,800,000
16 APPROPRIATIONS					
17 Appropriations Per 2010 Session	3,405,101,292	3,405,101,292	3,405,101,292	3,405,101,292	3,405,101,292
18 Committee Preliminary Budget Adjustments	(26,523,389)	39,720,761	155,827,750	155,827,750	155,827,750
19 Projected budget increases, following biennium	0	0	0	192,194,499	375,591,406
20 Contingency placeholder, Business Innovation Act	0	500,000	500,000	500,000	500,000
21 2011 State Claims	2,034,666	0	0	0	0
22 2011 Session "A" Bills	0	0	0	0	0
23 General Fund Appropriations	3,380,612,569	3,445,322,053	3,561,429,042	3,753,623,541	3,937,020,448
24 ENDING BALANCE					
25 Dollar ending balance (Financial Status as shown)	142,162,190	142,140,137	211,311,095	174,487,554	189,267,106
26 Dollar ending balance (at Minimum Reserve)			210,526,083		229,803,236
27 Excess (shortfall) from Minimum Reserve			785,012		(40,536,130)
28 Biennial Reserve (%)			3.0%		2.5%
General Fund Appropriations					
29 Annual % Change - Appropriations (w/o deficits)	2.4%	1.2%	3.4%	5.4%	4.9%
30 Two Year Average	-1.1%	--	2.3%	--	5.1%
General Fund Revenues					
31 Est. Revenue Growth (rate/base adjusted)	5.8%	2.6%	3.9%	6.1%	6.0%
32 Two Year Average	0.5%	--	3.2%	--	6.1%
33 Five Year Average	2.0%	--	0.5%	--	4.9%
34 Structural Revenues vs Approp.(w/o ARRA)	(414,463,165)	(123,022,053)	(53,829,042)	(31,823,541)	19,779,552

Chronology of the Financial Status

At Sine Die 2010, the projected financial status for the FY12/FY13 biennium reflected a \$679.4 million projected shortfall from the minimum reserve. At that point, FY12/FY13 was the "out year" in the five year financial status and there was no projection for FY14/FY15 biennium. At the July 2010 meeting of the Tax Rate Review Committee (TRR), the General Fund financial status declined to \$751.1 million below the minimum reserve mostly due to FY2009-10 actual receipts being \$76.7 million below projection.

Impact on Variance from Min Reserve (Millions of Dollars)	July 2010 TRR Committee			
	FY11	FY12	FY13	Total
Carryover obligations from FY09-10	0.0	0.0	0.0	0.1
FY10 Actual vs Est General Fund Net Receipts	0.0	0.0	0.0	(76.7)
FY10 Actual vs Est CRF transfers-automatic	0.0	0.0	0.0	0.3
FY10 Actual vs Est Accounting adjustment	0.0	0.0	0.0	2.5
Assumed lapse, FY10 unexpended	0.0	0.0	0.0	0.0
Change in Minimum Reserve	2.2	0.0	0.2	2.4
Total Change – July 2010 TRR Committee				(71.5)

The financial status deteriorated again in November 2010 when the TRR committee again met. The shortfall from the minimum reserve grew from \$751.1 million to \$986.5 million due to several factors. Original NEFAB forecasts for FY12 and FY13 were a combined \$695 million below the previously used preliminary LFO revenue estimates. Also the NEFAB lowered their FY10-11 forecast by \$58.2 million reflecting the decline in actual FY10 receipts.

These declines were partially offset by lower spending projections. Those projected appropriation levels used the latest estimates for TEEOSA school aid and information from the agency budget request.

Impact on Variance from Min Reserve (Millions of Dollars)	November 2010 TRR Committee			
	FY11	FY12	FY13	Total
Revised TEEOSA aid estimates (Oct 2010 Joint Meeting)	(58.2)	(233.2)	(372.0)	(663.4)
Change in Minimum Reserve	0.0	0.0	(18.4)	(18.4)
Subtotal-Revenue	(58.2)	(233.2)	(353.5)	(644.9)
Deficit requests (excluding drug rebate issue) vs \$5M	30.0	0.0	0.0	30.0
Revised TEEOSA aid estimates (Oct 2010 Joint Meeting)	0.0	39.1	55.4	94.5
Special Ed (5% to 0% request)	0.0	9.2	19.0	28.2
Medicaid (7.5% to adjusted request)	0.0	26.4	50.4	76.8
Public Assistance (8.5% to adjusted request)	0.0	36.0	53.3	89.2
Salary increase (2.5% each yr to 2% FY12)	0.0	24.7	28.9	53.7
Health Insurance increase (10% to 10%)	0.0	1.2	2.5	3.7
Operations cost increases (est to 24/7 facility request)	0.0	5.3	10.7	16.0
Defined benefit retirement funding (est to request)	0.0	30.0	(1.4)	28.6
Developmental Disability aid (3% to transition only)	0.0	1.6	2.6	4.1
Behavioral health (3% to 0% request)	0.0	2.3	4.6	6.9
Maximize cash, fund shifts (HHS)	0.0	5.4	5.4	10.8
Homestead exemption (3% to request)	0.0	(9.4)	(17.6)	(26.9)
Depreciation assessments (not in original est)	0.0	(6.1)	(6.9)	(12.9)
Revised estimate of budget increases, all other	0.0	3.0	3.8	6.8
Subtotal-Appropriations	30.0	168.9	210.7	409.6
Total Change – November TRR Committee	(28.2)	(64.3)	(142.8)	(235.4)

The Appropriations Committee Preliminary Budget herein eliminated that "shortfall" by a combination of cash fund transfers, Cash Reserve Fund transfers, lapse of prior year carryover

appropriations, lower than projected increases in the budget , cuts in operations and state aid programs, and outright elimination of some programs. The projected status for the FY12/FY13 biennium shows an ending balance of \$211.3 million which is only \$785,012 above the minimum 3% reserve.

About 1/3 of the actions to balance are on the revenue side of which the bulk is transfers from the Cash Reserve Fund. The other two-thirds of budget actions were on the spending side. Of these spending actions the two largest items could be considered "cost avoidance". In the case of TEEOSA aid and costs for defined benefit retirement plans the preliminary budget assumes passage of legislation which would negate the projected increases that had previously been projected and incorporated into the financial status for the November meeting of the Tax Rate Review Committee.

Impact on Variance from Min Reserve (Millions of Dollars)	Committee Prelim Budget			
	FY11	FY12	FY13	Total
General Fund transfers-in (not in pre-session)	0.0	31.3	30.3	61.6
General Fund transfers-out (additional EPIC)	0.0	(3.8)	0.0	(3.8)
General Fund transfers-out (balance in Prop Tax Credit fund)	0.0	5.0	5.0	10.0
General Fund transfers-out (Innovation Campus)	0.0	(25.0)	0.0	(25.0)
General Fund transfers-out (Cultural Trust)	0.0	0.5	0.5	1.0
Cash Reserve Fund transfer	0.0	128.0	128.0	256.0
Lapse reappropriations	36.3	0.0	0.0	36.3
Less: Change in Minimum Reserve	0.0	0.0	(9.7)	(9.7)
Subtotal - Revenue	36.3	136.0	154.1	326.4
TEEOSA School Aid, proposed funding level vs current law	0.0	171.2	212.8	384.0
Rtirement shortfall, assume increased contributions	0.0	24.6	56.4	81.0
Agency / base reductions	0.0	33.6	35.6	69.1
HHS Provider rate reduction (4%)	0.0	26.2	26.2	52.3
Reduce Aid to Cities, Counties, NRD's, ESU's	0.0	22.1	22.1	44.1
Employee Health Insurance and Salaries	0.0	12.1	33.6	45.6
Homestead Exemption, lower estimate	0.0	4.0	8.8	12.8
High Ability Learners, Early Childhood Aid to Ed Innovation	0.0	5.5	6.1	11.6
Childrens Health Insurance (SCHIP)	0.0	3.8	1.8	5.7
Medicaid (program cuts)	0.0	5.6	5.7	11.3
Public Assistance (program cuts)	0.0	1.7	1.7	3.4
Depreciation assessments, extend suspension	0.0	6.1	6.9	12.9
Reduced 2012 federal Medicaid match rate FMAP	0.0	(26.3)	(35.4)	(61.7)
Business Innovation Act (net)	0.0	(5.6)	(5.6)	(11.1)
Juvenile detention costs (HHS)	0.0	(5.0)	(5.0)	(10.0)
All Other appropriation changes (with placeholder)	0.0	4.3	5.9	10.2
Deficits vs Nov TRR	1.5	0.0	0.0	1.5
State Claims	(2.0)	0.0	0.0	(2.0)
Subtotal - Appropriations	(0.5)	283.9	377.5	660.9
Total Change – Appropriations Committee Prelim Budget	35.7	419.9	531.7	987.3

Table 2 Chronology of the Financial Status

(millions of dollars)	FY12/FY13 Biennium	FY14/FY15 Biennium
Variance from Minimum Reserve: Sine Die 2010 Session	(679.5)	na
FY10 Actual vs Est General Fund Net Receipts	(76.7)	na
FY10 Actual vs Est CRF transfers-automatic	0.3	na
FY10 Actual vs Est Accounting adjustment	2.5	na
Change in Minimum Reserve	2.4	na
Variance from Minimum Reserve: July 2010 Tax Rate Review Committee	(751.1)	na
Revised TEEOSA aid estimates (Oct 2010 Joint Meeting)	(663.4)	na
Change in Minimum Reserve	19.3	na
Variance from Minimum Reserve: Post October 2010 NEFAB forecasts	(1,395.2)	na
Deficit requests excluding drug rebate issue vs \$5M	30.0	na
Revised TEEOSA aid estimates (Oct 2010 Joint Meeting)	94.5	na
Special Ed (5% to 0% request)	28.2	na
Medicaid (7.5% to adjusted request)	76.8	na
Public Assistance (8.5% to adjusted request)	89.2	na
Salary increase (2.5% each yr to 2% FY12)	53.7	na
Health Insurance increase (10% to 10%)	3.7	na
Operations cost increases (est to 24/7 facility request)	16.0	na
Defined benefit retirement funding (est to request)	28.6	na
Developmental Disability aid (3% to transition only)	4.1	na
Behavioral health (3% to 0% request)	6.9	na
Maximize cash, fund shifts (HHS)	10.8	na
Homestead exemption (3% to request)	(26.9)	na
Depreciation assessments (not in original est)	(12.9)	na
Revised estimate of budget increases, all other	6.8	na
Change in Minimum Reserve	(0.9)	na
Variance from Minimum Reserve: November 2010 Tax Rate Review	(986.5)	(1,929.9)
TEEOSA School Aid, proposed funding level vs current law	384.0	962.9
Defined benefit retirement plan shortfall, assume increased contributions	81.0	193.9
Agency / base reductions	69.1	140.3
HHS Provider rate reduction (4%)	52.3	104.7
Reduce Aid to Cities, Counties, NRD's, ESU's	44.1	88.2
Employee Health Insurance and Salaries	45.6	121.8
Homestead Exemption, lower estimate	12.8	31.2
High Ability Learners, Early Childhood Aid to Ed Innovation	11.6	23.8
Childrens Health Insurance (SCHIP)	5.7	9.3
Medicaid (program cuts)	11.3	21.2
Public Assistance (program cuts)	3.4	8.5
Depreciation assessments, extend suspension	12.9	26.7
Reduced 2012 federal Medicaid match rate FMAP	(61.7)	(132.6)
Business Innovation Act (net)	(11.1)	(22.3)
Juvenile detention costs (HHS)	(10.0)	(20.0)
All Other appropriation changes (with placeholder)	10.2	25.1
Lapse reappropriations	36.3	36.3
Deficits	1.5	1.5
State Claims	(2.0)	(2.0)
General Fund transfers-in (not in pre-session)	61.6	61.6
General Fund transfers-out (additional EPIC)	(3.8)	(3.8)
General Fund transfers-out (more interest in Prop Tax Credits)	10.0	10.0
General Fund transfers-out (Innovaton Campus)	(25.0)	(25.0)
General Fund transfers-out (Cultural Trust)	1.0	1.0
Cash Reserve Fund transfer	256.0	256.0
Less: Change in Minimum Reserve	(9.7)	(28.9)
Variance from Minimum Reserve: Committee Preliminary Budget (2/14/11)	0.8	(40.5)

CASH RESERVE FUND

The Cash Reserve Fund (CRF) is not included as part of the "General Fund Reserve" (which is the ending General Fund balance for a biennium) and was created as a separate and distinct fund to cover cash flow needs within a month or several month period. The Cash Reserve Fund also serves as a "rainy day fund" in that revenues in excess of a "certified forecast" are transferred from the General Fund to Cash Reserve fund at the end of a fiscal year. As the certified forecast is basically the revenue estimate at Sine Die when the budget is finalized, these transfers sequester revenues in excess of that which is needed to balance the budget. The Cash Reserve Fund unobligated balance at the end of of the current FY10/FY11 biennium is projected at \$321.7 million. This is based on all existing statutory transfers and assumes repayment of \$8.5 million transferred to the Water Contingency Fund in FY2007-08.

The **Appropriations Committee Preliminary Budget** utilizes \$256 million of Cash Reserve Fund transfers to the General fund to assist in balancing the budget. This leaves a projected ending balance of \$65.7 million in the fund.

Table 3 - Cash Reserve Fund Cash Flow

	Estimated FY2010-11	Estimated FY2011-12	Estimated FY2012-13	Estimated FY2013-14	Estimated FY2014-15
Beginning Balance	467,201,626	321,752,626	193,752,626	65,752,626	65,752,626
Excess of certified forecasts (line 3 in Status)	0	0	0	0	0
To Gen Fund per current law	(154,000,000)	0	0	0	0
Repayment of Water Contingency transfer	8,551,000	0	0	0	0
2011 Session Transfers	0	(128,000,000)	(128,000,000)	0	0
Ending Balance	321,752,626	193,752,626	65,752,626	65,752,626	65,752,626

Excess of Certified Forecasts

Shown on line 3 of the Financial Status, revenues in excess of "certified" forecasts are required by statute to be transferred from the General Fund to the Cash Reserve Fund. These would take place in July of the fiscal year following completion of that year. FY07-08 was the last year where revenues exceeded certified and resulted in a \$116.9 million transfer in FY08-09

Transfers To / From General Fund

Unlike the automatic transfers that occur after the close of the fiscal year and are statutorily required, other transfers can take place as specifically enacted by the Legislature. Transfers in FY2010-11 under existing law include LB 456-2009 (\$151,000,000) and LB317-2010 (3,000,000)

Transfers To/From Other Funds

In the 2008 session, LB1094 provided for a \$9 million transfer to the Water Contingency Cash Fund for the purpose of paying water right holders who agreed to lease and forgo water use to assist in the management, protection and conservation of the water resources of river basins, but remain unpaid due to litigation. Repayment by the NRD receiving said funds is required once the litigation is resolved no later than FY2010-11.

GENERAL FUND REVENUES

General Fund Revenue Forecasts

Revenue Forecasts - Current Biennium (FY11, FY12 and FY13): Revenue estimates for FY2010-11, FY2011-12 and FY2012-13 are the October 2010 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB). Revenue growth implied by the forecasts for the FY12/FY13 biennium average 3.2% (2.6% in FY11-12 and 3.9% in FY12-13). When including the 5.8% growth in FY11-12 forecast, this provides an average growth of about 4% over the three years that affect the financial status for the upcoming biennium. This reflects modest growth but not significant growth coming on the heels of the -4.4% and -4.8% in FY08-09 and FY09-10.

THE FORECAST BOARD WILL MEET ON FRIDAY FEBRUARY 25, 2011 AND AGAIN IN LATE APRIL 2011 TO REVIEW THE CURRENT FORECASTS. CHANGES TO THESE FORECASTS WILL RESULT IN CHANGES TO THE PROJECTED FINANCIAL STATUS AS NOTED IN THIS REPORT

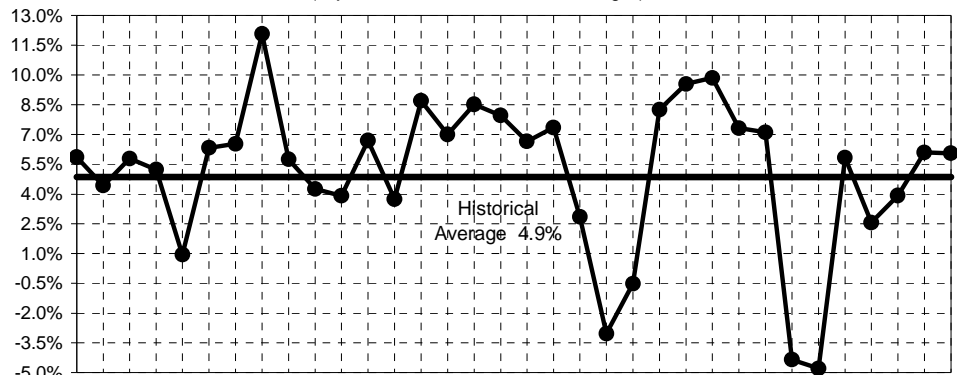
Revenue Forecasts - Following Biennium (FY14 and FY15) The NEFAB does not make official forecasts for the following biennium or what's commonly referred to as the "out years". Although different methodologies could be utilized, the revenue estimates used for the following biennium (FY13-14 and FY14-15) in the current financial status are derived using a "capped" historical average methodology. This "smoothing" technique derives "out year" revenue estimates by calculating the level of revenues that would yield a five year average growth (FY10 to FY15) roughly equal to the 29 year historical average (4.9%).

Table 4 General Fund Revenue Forecasts

	NEFAB FY2010-11	NEFAB FY2011-12	NEFAB FY2012-13	LFO Prelim FY2013-14	LFO Prelim FY2014-15
Actual/Forecast					
Sales and Use Tax	1,350,000,000	1,400,000,000	1,460,000,000	1,540,000,000	1,620,000,000
Individual Income Tax	1,600,000,000	1,660,000,000	1,750,000,000	1,900,000,000	2,060,000,000
Corporate Income Tax	176,000,000	200,000,000	210,000,000	215,000,000	220,000,000
Miscellaneous receipts	238,000,000	175,000,000	170,000,000	185,000,000	175,000,000
Total s	3,364,000,000	3,435,000,000	3,590,000,000	3,840,000,000	4,075,000,000
Adjusted Growth					
Sales and Use Tax	4.9%	3.6%	4.0%	5.1%	4.9%
Individual Income Tax	5.7%	2.0%	4.7%	7.9%	7.8%
Corporate Income Tax	14.4%	3.7%	-2.9%	2.2%	2.1%
Miscellaneous receipts	4.7%	-2.0%	4.5%	1.2%	1.5%
Total	5.8%	2.6%	3.9%	6.1%	6.0%
Five Yr Average	2.0%	--	0.5%	--	4.9%

General Fund Revenue Growth

(Adjusted for Tax Rate and Base Changes)



Inherent in this methodology is the concept that within any five-year period, below average revenue growth in some years will be offset by above average growth in others and is visually seen in the line graph of historical adjusted revenue growth.

The "capped" provision of this methodology means that if the derived growth needed in the out-years to achieve the historical average is above the "above average" years, growth is then capped at the average of the "above average years". Likewise if the historical average method calls for below average growth in the out years, the growth is capped at the average of the "below average years". Over the past 27 years, there were 9 years in which revenue growth was "below average" (2.4% average) and 18 years in which revenue growth was above average (7.4% average).

The very low negative "growth" experienced in FY09 and FY10 are far enough in the past to not be part of the five year financial status being crafted here. Because of the very modest growth in the NEFAB forecasts, the revenue growth needed to yield a 4.9% five year average is 6% in both FY13-14 and FY14-15. In this case the cap is not applicable.

Alternative methods are also available for purposes of deriving revenue estimates for the following biennium. In addition to the historical average methodology used in the financial status, both the Nebraska Dept of Revenue (NDR) and Legislative Fiscal Office (LFO) have calculated revenue estimates for these two "out years" using the same models and input from Global Insight, the national forecasting service used as input into the tax forecast models. While these forecasts work well for the 1 to 3 year forecasts, when extended further they have a tendency to flatten out and follow the 3 year trend into the 4th and 5th year. In other words, they have difficulty picking up changes in the trend. The historical average methodology has been used since 1991 and the "smoothing" technique used for the most part relies on the trend changes.

As shown in Table 5, the preliminary estimates for the two "out years" arrived at using the historical average concept (as used in the Financial Status), are not that far from the model estimates considering the timeframe

Table 5 Comparison of "Out Year" Forecasts

Based on Oct 2010 Revenue Forecasts	Current Status	Average Global Insight	Average All Forecasts	High Est LFO-Fair	Low Est LFO Global
<u>Dollar Forecast (thousands)</u>					
FY2013-14 Prelim	3,840,000	3,762,402	3,871,631	3,967,474	3,746,750
FY2014-15 Prelim	4,075,000	3,953,442	4,106,494	4,222,858	3,907,482
<u>Calculated Growth (adjusted)</u>					
FY2013-14 Prelim	6.1%	4.1%	6.9%	9.3%	3.7%
FY2014-15 Prelim	6.0%	5.1%	6.0%	6.3%	4.4%
Two Year Average	6.1%	4.6%	6.4%	7.8%	4.0%
Five Year Average	4.9%	4.3%	5.0%	5.6%	4.1%
<u>\$ Difference from Status</u>					
FY2013-14 Prelim	0	(77,599)	31,631	127,474	(93,250)
FY2014-15 Prelim	0	(121,559)	31,494	147,858	(167,518)
Cumulative Total	0	(199,157)	63,125	275,332	(260,768)

General Fund Transfers-Out

This area tabulates funds that are transferred from the General Fund to another fund within the state treasury. These items have the same affect as an appropriation but are not expended as such and thus are shown under the revenue category (see line 10 on the Financial Status).

Table 6 - General Fund Transfers Out

Excludes CRF Transfers	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
Ethanol Credits (EPIC Fund)	(5,500,000)	(6,300,000)	0	0	0
Property Tax Credit Fund	(112,000,000)	(110,000,000)	(110,000,000)	(115,000,000)	(115,000,000)
Water Resources Cash Fund	(2,700,000)	(2,700,000)	(2,700,000)	(2,700,000)	(2,700,000)
Cultural Preservation Endowment Fund	(500,000)	0	0	(500,000)	(500,000)
Indian Affairs, state assistance (LB1002-2010)	(25,000)	0	0	0	0
University Innovation Campus (through NCCF)	0	(25,000,000)	0	0	0
<i>Total-General Fund Transfers-Out</i>	<i>(120,725,000)</i>	<i>(144,000,000)</i>	<i>(112,700,000)</i>	<i>(118,200,000)</i>	<i>(118,200,000)</i>

Ethanol Production Incentive (EPIC) Transfers to the EPIC fund for ethanol credits included those authorized in LB536 (2001) \$1.5 million per year for FY01-02 through FY07-08, LB90 (2005) an additional \$2.5 million per year from FY05-06 through FY2011-12, LB968 (2006) additional \$5 million in both FY05-06 and FY06-07, LB322 (2007) an additional \$15.5 million in FY07-08, In the 2009 Session, in addition to the \$2.5 million transfers called for under LB90-2005 the Legislature approved additional General Fund transfers to the Ethanol Production Incentive Cash Fund (EPIC) amounting to \$8,250,000 in FY2009-10 and \$3,000,000 in FY2010-11. The \$2.5 million transfer in FY2011-12 is the last transfer called for under current law.

The Appropriations Committee Preliminary Budget includes an additional \$3,800,000 transfer to fully cover ethanol credits.

Property Tax Credit Cash Fund Under this program, transfers are made to the Property Tax Credit Cash Fund at the discretion of the Legislature. Based on the amount of funds available, monies are then allocated to counties by the ratio of the real property valuation in the county to the real property valuation in the state. Counties then allocate funds as credit to each tax payer again based on their proportionate value.

The Appropriations Committee Preliminary Budget for FY2011-12 and FY2012-13 include transfers of \$110 million each year. These transfer amounts along with an existing balance in the fund and interest that will be earned on the fund balance, will provide funding for a credit amount of \$115 million each year.

Nebraska Cultural Preservation Endowment Fund The Cultural Preservation Endowment Fund was originally created in 1998 with a transfer of \$5 million from the General Fund. LB 1165 (2008) provided for an additional \$5 million for the endowment fund through a \$1 million transfer from the Cash Reserve Fund and intent language that \$2 million shall be transferred from the General Fund to the Nebraska Cultural Preservation Endowment Fund in both FY2009-10 and FY2010-11. The enacted budget spread that \$4 million over a four year period, \$500,000 in FY10 and FY11 and \$1.5 million in FY12 and FY13. LB1063 (2010) changed the statutory transfers from two \$1.5 million transfers to the Fund in both FY11-12 and FY12-13. to two transfers of \$500,000 and then extending the \$500,000 transfers for three more years, FY13-14, FY14-15, and FY15-16.

The Appropriations Committee Preliminary Budget for FY2011-12 and FY2012-13 proposes deletion of the FY12 and FY13 transfers, but extends the \$500,000 transfer for each year but extends this into FY16-17, and FY17-18.

Nebraska Innovation Campus The Appropriations Committee Preliminary Budget for FY2011-12 includes a \$25 million transfer from the General Fund to the Nebraska Capital Construction Fund (NCCF) to finance two projects at the Nebraska Innovation Campus; renovation of the 4-H Building (\$10 million) and the new Food, Fuel and Water Research Building. (\$15 million)

General Fund Transfers In

Cash funds are funds which contain earmarked revenue sources and monies in those funds can only be used for the purposes authorized by statute. In many instances (since the 2009 special session) an authorized use of monies in a cash fund is transfers to the General Fund at the discretion of the Legislature. For accounting purposes, these are shown as "Transfers in" and are included as revenues. The transfers shown below for FY2010-11 were enacted in the 2009 and 2010 regular and special sessions and already incorporated into the "Net Receipts" figures of the NEFAB forecasts

All the transfers shown for FY2011-12 and FY2012-13 are new transfers included in the Appropriations Committee preliminary budget.

Table 7 General Fund Transfers In

	FY2010-11	FY2011-12	FY2012-13	FY2013-14	FY2014-15
Securities Act Cash Fund	37,250,000	17,000,000	17,000,000	0	0
Tobacco Products Admin Cash Fund	7,500,000	7,000,000	7,000,000	0	0
Dept of Insurance Cash Fund	11,500,000	5,000,000	5,000,000	0	0
Dept of Motor Vehicles Cash Fund	328,407	1,000,000	1,000,000	0	0
Life Insurance Demutualization Trust	0	1,000,000	0	0	0
Mutual Finance Assistance Fund	0	300,000	300,000	0	0
Charitable Gaming Oper Fund	366,817	0	0	0	0
Waste Reduction and /Recycling Incentive	1,517,501	0	0	0	0
Workers Comp Cash Fund	1,000,000	0	0	0	0
Game & Parks Recreation Road Fund	1,064,006	0	0	0	0
HHS Professional & Occupational Credentialing	258,672	0	0	0	0
Health and Human Services Cash Fund	2,559,140	0	0	0	0
Property Assessment Division Cash Fund	1,000,000	0	0	0	0
State Patrol Carrier Enforcement Fund	459,035	0	0	0	0
Nebr Outdoor Recreation & Develop (NORDA)	1,064,007	0	0	0	0
Supreme Court Automation Cash Fund	201,502	0	0	0	0
Probation Program Cash Fund	479,572	0	0	0	0
Dept of Natural Resources (7 different funds)	297,205	0	0	0	0
Secretary of State (5 cash funds)	221,415	0	0	0	0
Fire Marshal (3 cash funds)	85,144	0	0	0	0
DEQ Livestock Waste Management Cash Fund	100,000	0	0	0	0
Commission on Public Advocacy Cash Fund	230,000	0	0	0	0
Electrical Board Cash Fund	203,396	0	0	0	0
Engineers and Architects Regulation Fund	39,745	0	0	0	0
Affordable Housing Trust Fund	1,609,000	0	0	0	0
Other 2009 SS lapses (89 funds 46 agencies)	2,823,536	0	0	0	0
Total General Fund Transfers-In	72,158,100	31,300,000	30,300,000	0	0

GENERAL FUND APPROPRIATIONS

Table 7 shows a summary of the current FY2010-11 General Fund appropriations (excluding deficits) and the Committee Preliminary Recommendation for FY2011-12 and FY2012-13.

Table 8 (page 14) provides a one-page summary of the most significant increases and reductions while Tables 9 and 10 (starting on page 15) contain a listing of proposed appropriations by agency and individual aid programs. A complete listing of individual issues starts on Page 20

Table 8 - Committee Preliminary Budget – General Funds

	w/o Deficits FY2010-11	Committee Preliminary		Change over Prior Yr		Change over Prior Yr	
		FY2011-12	FY2012-13	FY2011-12 (w/o deficits)		FY2012-13 (w/o deficits)	
				\$	%	\$	%
<u>Agency Operations</u>							
University/Colleges	540,090,076	536,124,386	543,377,582	(3,965,690)	-0.7%	7,253,196	1.4%
Health & Human Services System	252,915,827	221,678,673	225,437,988	(31,237,154)	-12.4%	3,759,315	1.7%
Correctional Services	142,575,132	156,102,931	157,059,844	13,527,799	9.5%	956,913	0.6%
Courts	70,264,041	69,019,155	69,799,162	(1,244,886)	-1.8%	780,007	1.1%
State Patrol	55,891,491	53,062,062	53,624,650	(2,829,429)	-5.1%	562,588	1.1%
Revenue	27,071,402	25,778,692	25,447,374	(1,292,710)	-4.8%	(331,318)	-1.3%
Retirement Board	27,420,010	28,982,425	28,992,190	1,562,415	5.7%	9,765	0.0%
Other 39 Agencies	137,435,605	131,479,690	133,479,066	(5,955,915)	-4.3%	1,999,376	1.5%
Total-GF Operations	1,253,663,584	1,222,228,014	1,237,217,856	(31,435,570)	-2.5%	14,989,842	1.2%
<u>State Aid to Individuals/Others</u>							
Medicaid	489,426,763	589,708,448	620,040,918	100,281,685	20.5%	30,332,470	5.1%
Public Assistance	248,124,986	236,502,561	242,769,732	(11,622,425)	-4.7%	6,267,171	2.6%
Developmental disabilities aid	90,573,431	94,652,981	96,804,432	4,079,550	4.5%	2,151,451	2.3%
Behavioral Health aid	74,721,481	72,385,767	72,527,023	(2,335,714)	-3.1%	141,256	0.2%
Childrens Health Insurance (CHIP)	11,634,438	9,742,277	12,846,504	(1,892,161)	-16.3%	3,104,227	31.9%
Aging Programs	7,999,438	7,679,460	7,679,460	(319,978)	-4.0%	0	0.0%
Higher Ed Student Aid programs	6,863,406	6,918,156	6,918,156	54,750	0.8%	0	0.0%
Public Health Aid	4,807,372	4,790,612	4,790,612	(16,760)	-0.3%	0	0.0%
Community health centers	3,867,394	3,767,394	3,767,394	(100,000)	-2.6%	0	0.0%
Business Innovation Act (LB387)	0	7,000,000	7,000,000	7,000,000	100.0%	0	0.0%
All Other Aid to Individuals/Other	8,580,257	7,680,123	7,680,123	(900,134)	-10.5%	0	0.0%
Total-GF Aid to Individuals/Other	946,598,966	1,040,827,779	1,082,824,354	94,228,813	10.0%	41,996,575	4.0%
<u>State Aid to Local Govts</u>							
State Aid to Schools (TEEOSA)	796,734,560	798,734,560	850,734,560	2,000,000	0.3%	52,000,000	6.5%
Special Education	184,893,842	184,893,842	184,893,842	0	0.0%	0	0.0%
Aid to Community Colleges	86,758,025	86,758,025	87,870,147	0	0.0%	1,112,122	1.3%
Homestead Exemption	65,000,000	72,300,000	77,700,000	7,300,000	11.2%	5,400,000	7.5%
Aid to ESU's	14,791,327	14,051,761	14,051,761	(739,566)	-5.0%	0	0.0%
Aid to Cities	10,964,566	0	0	(10,964,566)	-100.0%	0	0.0%
Aid to Counties programs	9,659,932	0	0	(9,659,932)	-100.0%	0	0.0%
High ability learner programs	2,175,673	0	0	(2,175,673)	-100.0%	0	0.0%
Early Childhood programs	3,365,962	0	0	(3,365,962)	-100.0%	0	0.0%
Other Aid to Local Govt	16,692,622	11,225,839	11,034,289	(5,466,783)	-32.7%	(191,550)	-1.7%
Total-GF Aid to Local Govt	1,191,036,509	1,167,964,027	1,226,284,599	(23,072,482)	-1.9%	58,320,572	5.0%
<u>Capital Construction</u>	13,802,233	13,802,233	14,602,233	0	0.0%	800,000	5.8%
<u>Total General Funds</u>	3,405,101,292	3,444,822,053	3,560,929,042	39,720,761	1.2%	116,106,989	3.4%

These numbers shown in Table 7, 8, 9 and 10 are the net result of over 275 individual issues which reflect both increases to and reductions from the current year appropriation. A complete listing of individual issues starts on page 22. The following highlights some major changes in each category.

Agency Operations

General Funds for agency operations shows a net \$31.4 million reduction (-2.5%) in FY11-12 and a \$15 million increase (1.2%) in FY12-13. The most significant increase in operations in FY11-12 is \$17 million to replace the use of one time ARRA general stabilization funds in the Dept of Correctional Services in FY11. Other major operations include \$5.0 million for juvenile detention costs, health care reform implementation (\$1.2 million FY11, \$1.8 million FY13) and \$1.5 million each year for Medicaid information and technology projects. Virtually all the increase in operations in FY2012-13 can be attributed to a 2% salary increase for state, University and State College employees (\$14.8 million).

Significant reductions include elimination of the \$24.5 million contingency funds for the Beatrice State Developmental Center (BSDC) with a resumption of federal funding, \$6.4 million use of additional cash/federal funds at HHS institutions, and \$33 million of agency operations cuts. These agency operations cuts are contained in roughly 150 individual issues and include a 5% cut in court operations (\$1.4 million), HHS contracts (\$3.9 million) and staffing (\$3.3 million), and \$2.5 million in Correctional Services by lowering of prison populations.

Although not identified as a cut, a significant "cost avoidance" is included with respect to the defined benefit retirement plans for judges, patrol, and K-12 school employees. A large amount of additional funding to cover the actuarial shortfall in these funds is avoided with a presumed increase in employee/employer contributions.

State Aid to Individuals / Others

This area has the only overall growth in the FY2011-12 budget with a net increase of \$94.2 million (10%). Excluding a \$92 million increase to replace the one-time ARRA enhanced Medicaid match rate and child care funds and a \$25.3 million increase due to a lower 2012 Medicaid match rate, the FY11-12 aid would have been a \$24.5 (-2.6%) reduction.

Besides the two Medicaid match rate issues noted above, other significant increases include eligibility and utilization increases in Medicaid (\$19.6 million in FY12 and an additional \$24.5 million in FY13), developmental disability aid for clients transitioning from high school (\$1.2 million in FY12 and an additional \$1 million in FY13), and a \$5.4 million net increase in funding for the Business Innovation Act (\$7 million for the new program less \$1.6 reallocation of existing economic development aid programs).

Significant reductions in this area include a 4% cut in certain HHS provider rates (\$26.2 million FY12), use of available emergency TANF funds to offset use of general funds (\$17 million FY12 and \$11 million in FY13), and six different Medicaid program changes (\$5.8 million).

State Aid to Local Governments

Aid to local governments in total receives a \$23 million (-1.9%) reduction in FY11-12 and a \$58.3 million (5 %) increase in FY12-13.

The relatively small percent reduction in overall FY11-12 aid is a result of a large increase in Homestead Exemption (\$7.3 million, 11.2%) and a small increase in General funds for TEEOSA aid to schools (\$2 million, .3%) which masks the \$22 million (100%) cut in General Fund aid for cities, counties and NRD's. An additional \$5.5 million reduction in General Fund aid is the result of shifting funding for the high ability learners and early childhood aid to the Education Innovation Fund (lottery proceeds) per LB333.

The primary contributors to the subsequent 5% increase in FY12-13 are Homestead exemption (\$5.4 million, 7.5%) and TEEOSA school aid (\$52 million, 6.5%).

It should be noted that the small increase in TEEOSA school aid in FY11-12 only relates to state General Funds. In the prior year, FY10-11, \$140 million of ARRA education stabilization funds were used in addition to state General Funds. While the committee preliminary budget includes a \$2 million increase in state **General Funds** in FY11-12 there would be a 14.4% reduction in **total** TEEOSA aid under this proposal when compared to the prior year that included the ARRA funds..

Capital Construction

The Committee Preliminary recommendation reflects minimal change in construction compared to the current FY10-11 level. The \$25 million provided for the University Innovation Campus is a general fund transfer to the Nebraska Capital Construction Fund (NCCF) and therefore does not show as a General Fund appropriation.

Table 9 Significant Increases and Reductions
(numbers are \$ changes compared to the FY11 Base)

Amounts shown are \$ change from FY11 base year	Committee Preliminary		
	FY2011-12	FY2012-13	Two Yr total
1 <u>SIGNIFICANT INCREASES:</u>			
2 Replace use of ARRA ehanced FMAP, FFP, and Child Care	92,482,483	92,482,483	184,964,966
3 TEEOSA Aid to Schools (General Funds only)	2,000,000	54,000,000	56,000,000
4 Reduced 2012 federal Medicaid match rate FMAP	26,288,574	35,444,424	61,732,998
5 Medicaid (exclude replace ARRA FMAP, 2012 FMAP, provider rate c	14,554,540	37,721,155	52,225,962
6 ARRA General Stabilization, offset Gen Funds (DCS)	17,000,000	17,000,000	34,000,000
7 Homestead Exemption (net)	7,300,000	12,700,000	20,000,000
8 Salaries (Agencies + Higher Ed)	1,828,837	16,669,579	18,498,416
9 Developmental Disability aid (other than 2012 FMAP)	1,200,000	2,200,000	10,310,551
10 Juvenile detention costs (HHS)	5,000,000	5,000,000	10,000,000
11 Business Innovation Act (net)	5,564,078	5,564,078	11,128,156
12 Inmate per diem costs (Corrections)	1,707,959	2,768,600	4,476,559
13 Retirement, K-12 School/Judges/Patrol/Cash Balance	1,562,415	1,572,180	3,134,595
14 Health Care reform implementation	1,200,000	1,800,000	3,000,000
15 IS&T Medicaid Project Portfolio (HHS)	1,500,000	1,500,000	3,000,000
16 General Operating inflation (State Agencies)	403,997	774,958	1,178,955
17 Community Colleges	0	1,112,122	1,112,122
18 Capital Construction	0	800,000	800,000
11 Subtotal-Increases Listed	179,592,883	289,109,579	475,563,280
12 <u>SIGNIFICANT REDUCTIONS:</u>			
13 Agency operations reductions	(33,553,843)	(35,572,119)	(69,125,962)
14 HHS Provider rate reduction	(26,170,757)	(26,170,757)	(52,341,514)
15 BSDC contingency, resumption of federal funding	(24,477,558)	(24,477,558)	(48,955,116)
16 Public Assistance (exclude replace ARRA, 2012 FMAP, provider rate	(16,199,389)	(10,199,389)	(23,377,679)
17 Aid to Cities	(10,964,566)	(10,964,566)	(21,929,132)
18 Aid to Counties	(9,659,932)	(9,659,932)	(19,319,864)
19 Funds shifts (HHS)	(6,400,000)	(6,400,000)	(12,800,000)
20 Early Childhood program (shift to Ed Innovation Fund)	(3,365,962)	(3,365,962)	(6,731,924)
21 High Ability Learners Aid (shift to Ed Innovation Fund)	(2,175,673)	(2,715,673)	(4,891,346)
22 Behavioral health aid (other than 2012 FMAP, provider rate cut)	(290,000)	(290,000)	(4,530,172)
23 Aid to NRD's	(1,436,069)	(1,436,069)	(2,872,138)
24 Superfund cleanup	(1,166,600)	(1,358,150)	(2,524,750)
25 Aid to ESU's	(739,566)	(739,566)	(1,479,132)
26 Continued phaseout of county assessor takeover (Revenue)	(616,540)	(1,233,080)	(1,849,620)
27 Childrens Health Insurance (exclude 2012 FMAP, provider rate cut)	(2,850,212)	10,667	(680,095)
21 Subtotal-Reductions Listed	(140,066,667)	(134,572,154)	(273,408,444)
22 <u>OTHER NOT LISTED (NET)</u>	194,545	1,290,325	(6,606,325)
23 <u>TOTAL GENERAL FUND CHANGE</u>	39,720,761	155,827,750	195,548,511

Table 10 General Fund Appropriations by Agency
Appropriations Committee Preliminary Budget

Agency		Type		Preliminary Budget		Change over Prior Year			
			w/o deficits FY2010-11	Preliminary FY2011-12	Preliminary FY2012-13	FY2011-12		FY2012-13	
						\$	%	\$	%
#03	Legislative Council	Oper	17,550,553	17,389,162	17,977,091	(161,391)	-0.9%	587,929	3.4%
#03	Legislative Council	Total	17,550,553	17,389,162	17,977,091	(161,391)	-0.9%	587,929	3.4%
#05	Supreme Court	Oper	70,264,041	69,019,155	69,799,162	(1,244,886)	-1.8%	780,007	1.1%
#05	Supreme Court	Total	70,264,041	69,019,155	69,799,162	(1,244,886)	-1.8%	780,007	1.1%
#07	Governor	Oper	1,636,049	1,631,635	1,652,727	(4,414)	-0.3%	21,092	1.3%
#07	Governor	Total	1,636,049	1,631,635	1,652,727	(4,414)	-0.3%	21,092	1.3%
#08	Lt. Governor	Oper	143,285	143,423	143,610	138	0.1%	187	0.1%
#08	Lt. Governor	Total	143,285	143,423	143,610	138	0.1%	187	0.1%
#09	Secretary of State	Oper	448,368	442,212	444,708	(6,156)	-1.4%	2,496	0.6%
#09	Secretary of State	Total	448,368	442,212	444,708	(6,156)	-1.4%	2,496	0.6%
#10	State Auditor	Oper	2,343,098	2,147,685	2,184,391	(195,413)	-8.3%	36,706	1.7%
#10	State Auditor	Total	2,343,098	2,147,685	2,184,391	(195,413)	-8.3%	36,706	1.7%
#11	Attorney General	Oper	5,943,070	5,713,160	5,795,369	(229,910)	-3.9%	82,209	1.4%
#11	Attorney General	Total	5,943,070	5,713,160	5,795,369	(229,910)	-3.9%	82,209	1.4%
#12	State Treasurer	Aid	17,023,857	0	0	(17,023,857)	-100.0%	0	na
#12	State Treasurer	Oper	1,513,782	1,387,516	1,389,129	(126,266)	-8.3%	1,613	0.1%
#12	State Treasurer	Total	18,537,639	1,387,516	1,389,129	(17,150,123)	-92.5%	1,613	0.1%
#13	Education	Aid	1,006,343,095	1,002,061,894	1,054,061,894	(4,281,201)	-0.4%	52,000,000	5.2%
#13	Education	Oper	17,662,993	15,972,467	16,037,274	(1,690,526)	-9.6%	64,807	0.4%
#13	Education	Total	1,024,006,088	1,018,034,361	1,070,099,168	(5,971,727)	-0.6%	52,064,807	5.1%
#14	Public Service Comm	Oper	2,509,079	2,273,137	2,297,057	(235,942)	-9.4%	23,920	1.1%
#14	Public Service Comm	Total	2,509,079	2,273,137	2,297,057	(235,942)	-9.4%	23,920	1.1%
#15	Parole Board	Oper	799,188	806,321	819,249	7,133	0.9%	12,928	1.6%
#15	Parole Board	Total	799,188	806,321	819,249	7,133	0.9%	12,928	1.6%
#16	Revenue	Aid	66,396,500	72,300,000	77,700,000	5,903,500	8.9%	5,400,000	7.5%
#16	Revenue	Oper	27,071,402	25,778,692	25,447,374	(1,292,710)	-4.8%	(331,318)	-1.3%
#16	Revenue	Total	93,467,902	98,078,692	103,147,374	4,610,790	4.9%	5,068,682	5.2%
#18	Agriculture	Aid	0	0	0	0	na	0	na
#18	Agriculture	Oper	6,128,426	5,554,836	5,618,809	(573,590)	-9.4%	63,973	1.2%
#18	Agriculture	Total	6,128,426	5,554,836	5,618,809	(573,590)	-9.4%	63,973	1.2%
#21	Fire Marshal	Oper	4,293,454	3,896,536	3,953,819	(396,918)	-9.2%	57,283	1.5%
#21	Fire Marshal	Total	4,293,454	3,896,536	3,953,819	(396,918)	-9.2%	57,283	1.5%
#23	Labor	Oper	542,072	489,927	497,939	(52,145)	-9.6%	8,012	1.6%
#23	Labor	Total	542,072	489,927	497,939	(52,145)	-9.6%	8,012	1.6%
#25	HHS System	Aid	931,792,389	1,019,866,586	1,061,863,161	88,074,197	9.5%	41,996,575	4.1%
#25	HHS System	Oper	252,915,827	221,678,673	225,437,988	(31,237,154)	-12.4%	3,759,315	1.7%
#25	HHS System	Total	1,184,708,216	1,241,545,259	1,287,301,149	56,837,043	4.8%	45,755,890	3.7%
#27	Roads	Oper	2,429	0	0	(2,429)	-100.0%	0	na
#27	Roads	Total	2,429	0	0	(2,429)	-100.0%	0	na
#28	Veterans Affairs	Oper	1,115,761	1,108,586	1,127,666	(7,175)	-0.6%	19,080	1.7%
#28	Veterans Affairs	Total	1,115,761	1,108,586	1,127,666	(7,175)	-0.6%	19,080	1.7%
#29	Natural Resources	Aid	7,611,628	5,958,361	5,958,361	(1,653,267)	-21.7%	0	0.0%
#29	Natural Resources	Oper	9,304,414	10,286,686	10,397,171	982,272	10.6%	110,485	1.1%
#29	Natural Resources	Total	16,916,042	16,245,047	16,355,532	(670,995)	-4.0%	110,485	0.7%

Agency	Type	Preliminary Budget			Change over Prior Year			
		w/o deficits FY2010-11	Preliminary FY2011-12	Preliminary FY2012-13	FY2011-12		FY2012-13	
					\$	%	\$	%
#31 Military Dept	Aid	988,775	988,775	988,775	0	0.0%	0	0.0%
#31 Military Dept	Oper	3,695,668	3,635,582	3,671,614	(60,086)	-1.6%	36,032	1.0%
#31 Military Dept	Total	4,684,443	4,624,357	4,660,389	(60,086)	-1.3%	36,032	0.8%
#32 Ed Lands & Funds	Oper	335,310	305,465	310,575	(29,845)	-8.9%	5,110	1.7%
#32 Ed Lands & Funds	Total	335,310	305,465	310,575	(29,845)	-8.9%	5,110	1.7%
#33 Game & Parks	Aid	44,222	42,011	42,011	(2,211)	-5.0%	0	0.0%
#33 Game & Parks	Oper	11,507,092	10,709,153	10,833,605	(797,939)	-6.9%	124,452	1.2%
#33 Game & Parks	Total	11,551,314	10,751,164	10,875,616	(800,150)	-6.9%	124,452	1.2%
#34 Library Commission	Aid	1,131,378	1,018,240	1,018,240	(113,138)	-10.0%	0	0.0%
#34 Library Commission	Oper	2,489,223	2,274,875	2,340,260	(214,348)	-8.6%	65,385	2.9%
#34 Library Commission	Total	3,620,601	3,293,115	3,358,500	(327,486)	-9.0%	65,385	2.0%
#35 Liquor Control	Oper	957,770	917,912	925,406	(39,858)	-4.2%	7,494	0.8%
#35 Liquor Control	Total	957,770	917,912	925,406	(39,858)	-4.2%	7,494	0.8%
#46 Correctional Services	Aid	3,640,210	0	0	(3,640,210)	-100.0%	0	na
#46 Correctional Services	Oper	142,575,132	156,102,931	157,059,844	13,527,799	9.5%	956,913	0.6%
#46 Correctional Services	Total	146,215,342	156,102,931	157,059,844	9,887,589	6.8%	956,913	0.6%
#47 NETC	Oper	9,498,750	9,499,670	9,558,708	920	0.0%	59,038	0.6%
#47 NETC	Total	9,498,750	9,499,670	9,558,708	920	0.0%	59,038	0.6%
#48 Coordinating Comm	Aid	6,863,406	6,918,156	6,918,156	54,750	0.8%	0	0.0%
#48 Coordinating Comm	Oper	1,213,855	1,166,756	1,185,157	(47,099)	-3.9%	18,401	1.6%
#48 Coordinating Comm	Total	8,077,261	8,084,912	8,103,313	7,651	0.1%	18,401	0.2%
#50 State Colleges	Oper	45,369,972	44,846,037	45,450,893	(523,935)	-1.2%	604,856	1.3%
#50 State Colleges	Total	45,369,972	44,846,037	45,450,893	(523,935)	-1.2%	604,856	1.3%
#51 University of Nebraska	Oper	494,720,104	491,278,349	497,926,689	(3,441,755)	-0.7%	6,648,340	1.4%
#51 University of Nebraska	Total	494,720,104	491,278,349	497,926,689	(3,441,755)	-0.7%	6,648,340	1.4%
#54 Historical Society	Oper	4,194,912	3,740,293	3,796,205	(454,619)	-10.8%	55,912	1.5%
#54 Historical Society	Total	4,194,912	3,740,293	3,796,205	(454,619)	-10.8%	55,912	1.5%
#64 State Patrol	Oper	55,891,491	53,062,062	53,624,650	(2,829,429)	-5.1%	562,588	1.1%
#64 State Patrol	Total	55,891,491	53,062,062	53,624,650	(2,829,429)	-5.1%	562,588	1.1%
#65 Admin Services (DAS)	Oper	8,020,421	7,327,181	7,638,096	(693,240)	-8.6%	310,915	4.2%
#65 Admin Services (DAS)	Total	8,020,421	7,327,181	7,638,096	(693,240)	-8.6%	310,915	4.2%
#67 Equal Opportunity	Oper	1,276,113	1,152,618	1,178,277	(123,495)	-9.7%	25,659	2.2%
#67 Equal Opportunity	Total	1,276,113	1,152,618	1,178,277	(123,495)	-9.7%	25,659	2.2%
#68 Latino American	Oper	195,837	175,950	178,681	(19,887)	-10.2%	2,731	1.6%
#68 Latino American	Total	195,837	175,950	178,681	(19,887)	-10.2%	2,731	1.6%
#69 Arts Council	Aid	847,854	763,069	763,069	(84,785)	-10.0%	0	0.0%
#69 Arts Council	Oper	585,033	529,648	538,267	(55,385)	-9.5%	8,619	1.6%
#69 Arts Council	Total	1,432,887	1,292,717	1,301,336	(140,170)	-9.8%	8,619	0.7%
#28 Veterans Affairs	Oper	1,115,761	1,108,586	1,127,666	(7,175)	-0.6%	19,080	1.7%
#28 Veterans Affairs	Total	1,115,761	1,108,586	1,127,666	(7,175)	-0.6%	19,080	1.7%
#29 Natural Resources	Aid	7,611,628	5,958,361	5,958,361	(1,653,267)	-21.7%	0	0.0%
#29 Natural Resources	Oper	9,304,414	10,286,686	10,397,171	982,272	10.6%	110,485	1.1%
#70 Foster Care Review	Oper	1,357,694	1,355,920	1,379,348	(1,774)	-0.1%	23,428	1.7%
#70 Foster Care Review	Total	1,357,694	1,355,920	1,379,348	(1,774)	-0.1%	23,428	1.7%
#72 Economic Develop	Aid	1,545,922	7,000,000	7,000,000	5,454,078	352.8%	0	0.0%
#72 Economic Develop	Oper	4,754,074	4,457,423	4,507,955	(296,651)	-6.2%	50,532	1.1%
#72 Economic Develop	Total	6,299,996	11,457,423	11,507,955	5,157,427	81.9%	50,532	0.4%

Agency	Type	Preliminary Budget			Change over Prior Year			
		w/o deficits FY2010-11	Preliminary FY2011-12	Preliminary FY2012-13	FY2011-12		FY2012-13	
					\$	%	\$	%
#76 Indian Commission	Oper	223,535	164,486	167,410	(59,049)	-26.4%	2,924	1.8%
#76 Indian Commission	Total	223,535	164,486	167,410	(59,049)	-26.4%	2,924	1.8%
#77 Industrial Relations	Oper	309,981	281,161	284,108	(28,820)	-9.3%	2,947	1.0%
#77 Industrial Relations	Total	309,981	281,161	284,108	(28,820)	-9.3%	2,947	1.0%
#78 Crime Commission	Aid	2,166,328	2,301,403	2,301,403	135,075	6.2%	0	0.0%
#78 Crime Commission	Oper	8,722,109	8,445,701	8,470,936	(276,408)	-3.2%	25,235	0.3%
#78 Crime Commission	Total	10,888,437	10,747,104	10,772,339	(141,333)	-1.3%	25,235	0.2%
#81 Blind/Visually Impaired	Aid	176,890	176,890	176,890	0	0.0%	0	0.0%
#81 Blind/Visually Impaired	Oper	835,295	837,324	846,113	2,029	0.2%	8,789	1.0%
#81 Blind Visually Impaired	Total	1,012,185	1,014,214	1,023,003	2,029	0.2%	8,789	0.9%
#82 Deaf/ Hard of Hearing	Oper	836,115	838,373	848,782	2,258	0.3%	10,409	1.2%
#82 Deaf /Hard of Hearing	Total	836,115	838,373	848,782	2,258	0.3%	10,409	1.2%
#83 Community Colleges	Aid	86,758,025	86,758,025	87,870,147	0	0.0%	1,112,122	1.3%
#83 Community Colleges	Total	86,758,025	86,758,025	87,870,147	0	0.0%	1,112,122	1.3%
#84 Environmental Quality	Aid	4,304,996	2,638,396	2,446,846	(1,666,600)	-38.7%	(191,550)	-7.3%
#84 Environmental Quality	Oper	3,264,821	3,279,921	3,323,012	15,100	0.5%	43,091	1.3%
#84 Environmental Quality	Total	7,569,817	5,918,317	5,769,858	(1,651,500)	-21.8%	(148,459)	-2.5%
#85 Retirement Board	Oper	27,420,010	28,982,425	28,992,190	1,562,415	5.7%	9,765	0.0%
#85 Retirement Board	Total	27,420,010	28,982,425	28,992,190	1,562,415	5.7%	9,765	0.0%
#87 Account/Disclosure	Oper	410,932	371,814	377,548	(39,118)	-9.5%	5,734	1.5%
#87 Account/Disclosure	Total	410,932	371,814	377,548	(39,118)	-9.5%	5,734	1.5%
#93 Tax Equal/Review	Oper	815,044	769,175	782,994	(45,869)	-5.6%	13,819	1.8%
#93 Tax Equal/Review	Total	815,044	769,175	782,994	(45,869)	-5.6%	13,819	1.8%
Construction-Total	Total	13,802,233	13,802,233	14,602,233	0	0.0%	800,000	5.8%
OPERATIONS		1,253,663,584	1,222,228,014	1,237,217,856	(31,435,570)	-2.5%	14,989,842	1.2%
STATE AID		2,137,635,475	2,208,791,806	2,309,108,953	71,156,331	3.3%	100,317,147	4.5%
CONSTRUCTION		13,802,233	13,802,233	14,602,233	0	0.0%	800,000	5.8%
TOTAL GENERAL FUNDS		3,405,101,292	3,444,822,053	3,560,929,042	39,720,761	1.2%	116,106,989	3.4%

Table 11 General Fund Appropriations by Individual Aid Program
Appropriations Committee Preliminary Budget

					Change over Prior Year				
			w/o Deficits FY2010-11	Preliminary FY2011-12	Preliminary FY2012-13	FY2011-126		FY2012-13	
Agency	Aid Program					\$ Chnge	% Chnge	\$ Chnge	% Chnge
#12	Treasurer	Aid to NRD's	1,436,069	0	0	(1,436,069)	-100.0%	0	na
#12	Treasurer	Aid to Cities	10,964,566	0	0	(10,964,566)	-100.0%	0	na
#12	Treasurer	Aid to Counties	4,623,222	0	0	(4,623,222)	-100.0%	0	na
#13	Education	State Aid to Education (TEEOSA)	796,734,560	798,734,560	850,734,560	2,000,000	0.3%	52,000,000	6.5%
#13	Education	Special Education	184,893,842	184,893,842	184,893,842	0	0.0%	0	0.0%
#13	Education	Aid to ESU's	14,791,327	14,051,761	14,051,761	(739,566)	-5.0%	0	0.0%
#13	Education	High ability learner programs	2,175,673	0	0	(2,175,673)	-100.0%	0	na
#13	Education	Early Childhood program	3,365,962	0	0	(3,365,962)	-100.0%	0	na
#13	Education	School Lunch	392,032	392,032	392,032	0	0.0%	0	0.0%
#13	Education	Textbook loan program	465,500	465,500	465,500	0	0.0%	0	0.0%
#13	Education	School Breakfast reimbursement	427,260	427,260	427,260	0	0.0%	0	0.0%
#13	Education	Adult Education	214,664	214,664	214,664	0	0.0%	0	0.0%
#13	Education	Learning Communities Aid	882,275	882,275	882,275	0	0.0%	0	0.0%
#13	Education	Vocational Rehabilitation	2,000,000	2,000,000	2,000,000	0	0.0%	0	0.0%
#16	Revenue	County Property Tax Relief	1,396,500	0	0	(1,396,500)	-100.0%	0	na
#16	Revenue	Homestead Exemption	65,000,000	72,300,000	77,700,000	7,300,000	11.2%	5,400,000	7.5%
#25	HHS System	Behavioral Health Aid	74,721,481	72,385,767	72,527,023	(2,335,714)	-3.1%	141,256	0.2%
#25	HHS System	Medical student assistance/RHOP	637,086	637,086	637,086	0	0.0%	0	0.0%
#25	HHS System	Childrens Health Insurance	11,634,438	9,742,277	12,846,504	(1,892,161)	-16.3%	3,104,227	31.9%
#25	HHS System	Public Assistance	248,124,986	236,502,561	242,769,732	(11,622,425)	-4.7%	6,267,171	2.6%
#25	HHS System	Medicaid	489,426,763	589,708,448	620,040,918	100,281,685	20.5%	30,332,470	5.1%
#25	HHS System	Community developmental disabilities	90,573,431	94,652,981	96,804,432	4,079,550	4.5%	2,151,451	2.3%
#25	HHS System	Community health centers	3,867,394	3,767,394	3,767,394	(100,000)	-2.6%	0	0.0%
#25	HHS System	Public Health Aid	4,807,372	4,790,612	4,790,612	(16,760)	-0.3%	0	0.0%
#25	HHS System	Care Management	2,033,123	1,951,798	1,951,798	(81,325)	-4.0%	0	0.0%
#25	HHS System	Area agencies on aging	5,966,315	5,727,662	5,727,662	(238,653)	-4.0%	0	0.0%
#29	Nat Resources	Nebr Water Conservation Fund	2,318,036	2,318,036	2,318,036	0	0.0%	0	0.0%
#29	Nat Resources	Resources Development Fund	3,140,325	3,140,325	3,140,325	0	0.0%	0	0.0%
#29	Nat Resources	NRD Water Management grants	2,153,267	500,000	500,000	(1,653,267)	-76.8%	0	0.0%
#31	Military Dept	Governors Emergency Program	500,000	500,000	500,000	0	0.0%	0	0.0%
#31	Military Dept	Guard tuition assistance	488,775	488,775	488,775	0	0.0%	0	0.0%
#33	Game & Parks	Niobrara Council	44,222	42,011	42,011	(2,211)	-5.0%	0	0.0%
#34	Library Comm	Local libraries	1,131,378	1,018,240	1,018,240	(113,138)	-10.0%	0	0.0%
#46	Corrections	County jail cost reimbursement	3,640,210	0	0	(3,640,210)	-100.0%	0	na
#48	Coord. Comm	Nebr Scholarship Program	6,418,156	6,418,156	6,418,156	0	0.0%	0	0.0%
#48	Coord. Comm	Access College Early Scholarship	445,250	500,000	500,000	54,750	12.3%	0	0.0%

						Change over Prior Year			
			w/o Deficits FY2010-11	Preliminary FY2011-12	Preliminary FY2012-13	FY2011-126		FY2012-13	
Agency		Aid Program				\$ Chnge	% Chnge	\$ Chnge	% Chnge
#69	Arts Council	Aid to arts programs	661,654	595,489	595,489	(66,165)	-10.0%	0	0.0%
#69	Arts Council	Council on Humanities	186,200	167,580	167,580	(18,620)	-10.0%	0	0.0%
#72	Econ Develop	Managing Mainstreet	93,100	0	0	(93,100)	-100.0%	0	na
#72	Econ Develop	Microenterprise Development Act	463,172	0	0	(463,172)	-100.0%	0	na
#72	Econ Develop	Ag Opportunities/Value-Added grants	850,000	0	0	(850,000)	-100.0%	0	na
#72	Econ Develop	Building Entrepreneurial Communities	139,650	0	0	(139,650)	-100.0%	0	na
#72	Econ Develop	Business Innovation Act	0	7,000,000	7,000,000	7,000,000	na	0	0.0%
#78	Crime Comm	Juvenile services grants	587,812	587,812	587,812	0	0.0%	0	0.0%
#78	Crime Comm	County Juvenile Services aid	1,492,500	1,477,575	1,477,575	(14,925)	-1.0%	0	0.0%
#78	Crime Comm	Crimestoppers program	13,457	13,457	13,457	0	0.0%	0	0.0%
#78	Crime Comm	Victim Witness assistance	52,559	52,559	52,559	0	0.0%	0	0.0%
#78	Crime Comm	Crime Victims reparations	20,000	20,000	20,000	0	0.0%	0	0.0%
#78	Crime Comm	Violence Prevention Grants	0	150,000	150,000	150,000	na	0	0.0%
#81	Blind & Vis Imp	Blind rehabilitation	176,890	176,890	176,890	0	0.0%	0	0.0%
#83	CommColleges	Aid to Community Colleges	86,758,025	86,758,025	87,870,147	0	0.0%	1,112,122	1.3%
#84	Environ Cntrl	Superfund cleanup	1,980,000	813,400	621,850	(1,166,600)	-58.9%	(191,550)	-23.5%
#84	Environ Cntrl	Storm Water Management grants	2,324,996	1,824,996	1,824,996	(500,000)	-21.5%	0	0.0%
Total State Aid			2,137,635,475	2,208,791,806	2,309,108,953	71,156,331	3.3%	100,317,147	4.5%

Detailed List – Specific General Fund Adjustments

(Appropriations Committee Preliminary Budget – Amounts are \$ change from FY11 Base)

Agency		Prog	Issue	Type	FY2011-12	FY2012-13
3	Legislative Council	85	Replacement of eight year old computer equipment	Oper	100,000	100,000
3	Legislative Council	122	Base reduction	Oper	(60,000)	(60,000)
3	Legislative Council	122	Short vs Long session adjustments	Oper	(195,287)	0
3	Legislative Council	123	Short vs Long session adjustments	Oper	(164,997)	0
3	Legislative Council	126	Completion of redistricting	Oper	(35,600)	(71,191)
5	Supreme Court	5	Rebase Appropriation	Oper	(62,819)	(62,819)
5	Supreme Court	6	Additional District Court Judge (LB 35, 2009)	Oper	162,481	162,760
5	Supreme Court	52	Court Operations Adjustment - 5% reduction	Oper	(1,364,495)	(1,364,495)
5	Supreme Court	435	Base Adjustment for Salary Savings	Oper	(5,964)	(5,964)
7	Governor	21	Reappropriation in Lieu of Appropriation	Oper	(20,000)	(20,000)
9	Sec of State	22	Base Adjustment for Salary Savings	Oper	(3,407)	(3,407)
9	Sec of State	86	Base Adjustment for Salary Savings	Oper	(4,594)	(4,594)
10	State Auditor	506	Miscellaneous Reductions to offset Worker's Comp.	Oper	(3,379)	(3,379)
10	State Auditor	506	Reductions in Staff and Hardware Purchases	Oper	(222,540)	(222,540)
11	Attorney Gen	507	Reduce Staffing	Oper	(290,658)	(290,658)
12	State Treasurer	12	Fund shift to correct prior year's input error	Oper	3,000	3,000
12	State Treasurer	24	Reduce funding for salaries	Oper	(54,145)	(54,145)
12	State Treasurer	24	Computer Hardware	Oper	(26,000)	(26,000)
12	State Treasurer	24	Postage and Printing Expense	Oper	(10,000)	(20,000)
12	State Treasurer	24	IT Consulting/Software purchases	Oper	(11,000)	(11,000)
12	State Treasurer	24	Repair and Maintenance Office Equipment	Oper	16,000	16,000
12	State Treasurer	24	Reduce Staffing	Oper	(38,010)	(38,010)
12	State Treasurer	659	Miscellaneous Expenses	Oper	(14,695)	(14,695)
12	State Treasurer	119	Reduce Aid to NRDS	Aid	(1,436,069)	(1,436,069)
12	State Treasurer	149	LB218-2009 Aid to Counties to new program in #16	Aid	(4,623,222)	(4,623,222)
12	State Treasurer	120	Reduce Aid to Municipalities	Aid	(10,964,566)	(10,964,566)
13	Education	25	Reduce funds for 1.0 FTE for ARRA administration	Oper	(91,000)	(91,000)
13	Education	25	Annualize LB 800 (2010) - Truancy	Oper	(3,556)	(3,556)
13	Education	25	Retain funding for the ARRA position, six months	Oper	40,000	0
13	Education	25	Cease membership, Education Commission of the States	Oper	0	(60,500)
13	Education	25	Eliminate LB 1024 FTE	Oper	(246,620)	(246,620)
13	Education	25	Teacher certification investigation to cash funds	Oper	(123,468)	(123,468)
13	Education	25	Agency FTE reduction	Oper	(550,000)	(550,000)
13	Education	25	Shift to Ed. Innovation Fund - Student Leader Center	Oper	(450,000)	(450,000)
13	Education	25	Shift to Ed. Innovation Fund - Multicultural Education	Oper	(114,629)	(114,629)
13	Education	25	Base Adjustment for Salary Savings	Oper	(68,761)	(68,761)
13	Education	158	TEEOSA state aid, increased funding	Aid	2,000,000	54,000,000
13	Education	158	Shift to Ed. Innovation Fund - High Ability Learner aid	Aid	(2,175,673)	(2,175,673)
13	Education	158	Shift to Ed. Innovation Fund - Early Childhood Education	Aid	(3,365,962)	(3,365,962)
13	Education	161	Shift activities to the Education Innovation Fund - LB 333	Aid	0	0
13	Education	158	Reduce aid to ESU's for core services by 5%	Aid	(552,027)	(552,027)
13	Education	158	Reduce distance education aid to ESU's by 5%	Aid	(15,282)	(15,282)

Agency	Prog	Issue	Type	FY2011-12	FY2012-13
13 Education	158	Reduce aid to ESU's for technology infrastructure by 5%	Aid	(172,257)	(172,257)
13 Education	351	Reduce Gen funds, vocational rehab maintenance of effort	Oper	(84,369)	(94,856)
14 PSC	16	Reduction per agency request	Oper	(1,527)	(1,527)
14 PSC	54	Reallocation of Staff - Fund Shift	Oper	(25,787)	(25,787)
14 PSC	54	Eliminate the Railroad Safety Program	Oper	(123,596)	(123,596)
14 PSC	54	Eliminate Director of Transportation position	Oper	(87,114)	(87,114)
16 Revenue	102	Annualize Appropriations Bills	Oper	20,100	20,100
16 Revenue	102	Eliminate Position Vacancies	Oper	(661,568)	(661,568)
16 Revenue	102	Battelle -- Angel Tax Credit Program	Oper	85,075	0
16 Revenue	104	LB218-2009 Aid to Counties to new program in #16	Aid	4,623,222	4,623,222
16 Revenue	104	LB218-2009 County Jail Reimb to new program in #16	Oper	3,640,210	3,640,210
16 Revenue	104	Eliminate/reduce County Aid Program funding	Aid	(9,659,932)	(9,659,932)
16 Revenue	112	LB 121 Re-assumption of Assessment Function	Oper	(616,540)	(1,233,080)
16 Revenue	108	Homestead Exemption	Aid	7,300,000	12,700,000
16 Revenue	112	Reduce staffing, assessment function	Oper	(201,885)	(201,885)
18 Agriculture	27	Public Safety Communication System	Oper	(3,403)	(3,403)
18 Agriculture	56	Elimination of General Funds, equipment	Oper	(69,938)	(69,938)
18 Agriculture	61	Laboratory equipment.	Oper	(45,000)	(45,000)
18 Agriculture	63	Eliminate General Funds, Comm Dog and Cat Inspection	Oper	(149,672)	(149,672)
18 Agriculture	63	Eliminate funding, backtagging incentive program.	Oper	(30,000)	(30,000)
18 Agriculture	78	FTE downsizing.	Oper	(309,542)	(309,542)
21 Fire Marshal	193	Deputy Fire Marshal Lay-Offs	Oper	(121,201)	(121,201)
21 Fire Marshal	193	Equipment Reduction	Oper	(9,642)	(9,642)
21 Fire Marshal	193	Reduce WIRAT Training Hours	Oper	(3,360)	(3,360)
21 Fire Marshal	193	Base Adjustment for Salary Savings	Oper	(38,335)	(38,335)
21 Fire Marshal	340	Part-Time Instructors	Oper	(39,848)	(39,848)
21 Fire Marshal	340	Reduce State Fire School Classes Offered	Oper	(36,353)	(36,353)
21 Fire Marshal	340	Computers	Oper	(5,000)	(5,000)
21 Fire Marshal	340	Reduce Temporary Services	Oper	(4,498)	(4,498)
21 Fire Marshal	415	Eliminate Volunteer Emerg Responders Recruit/Retention	Oper	(12,066)	(12,066)
21 Fire Marshal	845	Delay purchase of laptop computers	Oper	(52,689)	(52,689)
21 Fire Marshal	845	Equipment Reduction	Oper	(50,000)	(50,000)
21 Fire Marshal	845	Communication and Electronic Equipment	Oper	(42,000)	(42,000)
23 Labor	194	Eliminate Labor Law Specialist, Labor Standards	Oper	(54,207)	(54,207)
25 HHS-System	32	Budget Instruction adjustments	Oper	(188)	(188)
25 HHS-System	32	Base Adjustment for Salary Savings	Oper	(1,061)	(1,061)
25 HHS-System	33	Budget Instruction adjustments	Oper	(141,803)	(118,924)
25 HHS-System	33	Federal Health Care Reform implementation	Oper	1,200,000	1,800,000
25 HHS-System	33	Increase developmental disability service coordinators	Oper	127,580	255,160
25 HHS-System	33	Medicaid information and technology projects	Oper	1,500,000	1,500,000
25 HHS-System	33	Move part of administration costs to Program 179	Oper	(96,512)	(96,512)
25 HHS-System	33	Reduce printing costs	Oper	(213,161)	(213,161)
25 HHS-System	33	Transfer X-ray regulation to cash funds	Oper	(220,000)	(220,000)
25 HHS-System	33	Reduce FTEs	Oper	(307,424)	(307,424)
25 HHS-System	33	Centralize building and rent budgets	Oper	(87,500)	(87,500)
25 HHS-System	33	Centralize facility buyers	Oper	(44,000)	(44,000)
25 HHS-System	33	Eliminate an epidemiology surveillance coordinator	Oper	(110,000)	(110,000)

Agency	Prog	Issue	Type	FY2011-12	FY2012-13
25 HHS-System	33	Eliminate the LB 603	Oper	0	(150,000)
25 HHS-System	33	Reduce additional staffing in General Operations	Oper	(1,162,149)	(1,162,149)
25 HHS-System	33	Reduce contract, Behavioral Health Strategic Plan	Oper	(40,000)	(40,000)
25 HHS-System	33	Reduce FTEs and contracts, Economic & Family Support	Oper	(1,301,646)	(1,301,646)
25 HHS-System	33	Reduce standardized devices supported by IS&T	Oper	(240,000)	(240,000)
25 HHS-System	33	Contract Reductions	Oper	(2,737,243)	(2,737,243)
25 HHS-System	33	Contract Reductions	Oper	(357,032)	(357,032)
25 HHS-System	33	Contract Reductions	Oper	(238,022)	(238,022)
25 HHS-System	33	Public Safety Communication System	Oper	25,017	25,017
25 HHS-System	33	Rebase Children's Helpline due to underutilization	Oper	(310,000)	(310,000)
25 HHS-System	33	Reduced 2012 FMAP	Oper	202,852	283,730
25 HHS-System	38	Provider rate reduction (4%) - behavioral health aid	Aid	(2,400,000)	(2,400,000)
25 HHS-System	38	Reduce Magellan behavioral health contract	Aid	(100,000)	(100,000)
25 HHS-System	38	Rebase Family Navigators due to underutilization	Aid	(190,000)	(190,000)
25 HHS-System	38	Reduced 2012 FMAP	Aid	354,286	495,542
25 HHS-System	178	Reduce expenditures in the Emergency Medical Services	Oper	(7,021)	(7,021)
25 HHS-System	179	Budget Instruction adjustments	Oper	571	571
25 HHS-System	179	Base Adjustment for Salary Savings	Oper	(7,956)	(7,956)
25 HHS-System	250	Budget Instruction adjustments	Oper	(18,484)	(18,484)
25 HHS-System	250	Increase in detention costs	Oper	5,000,000	5,000,000
25 HHS-System	250	Inflationary increases for institutions	Oper	44,716	44,716
25 HHS-System	250	Reduce FTE, Youth Rehabilitation and Treatment Center	Oper	(50,048)	(50,048)
25 HHS-System	250	Reduce FTEs	Oper	(98,744)	(98,744)
25 HHS-System	250	Reduce one accounting clerk, YRTC – Geneva	Oper	(48,696)	(48,696)
25 HHS-System	250	Contract Reductions	Oper	(39,670)	(39,670)
25 HHS-System	250	Base Adjustment for Salary Savings	Oper	(38,052)	(38,052)
25 HHS-System	344	Increased utilization	Aid	985,488	1,846,367
25 HHS-System	344	Provider rate reduction	Aid	(506,441)	(506,441)
25 HHS-System	344	Reduced 2012 FMAP	Aid	1,464,492	1,707,840
25 HHS-System	344	Use of Additional Cash to Finance CHIP	Aid	(3,835,700)	(1,835,700)
25 HHS-System	347	Fund mix change – Emergency TANF	Aid	(17,000,000)	(11,000,000)
25 HHS-System	347	Move group home costs from Medicaid to Child Welfare	Aid	2,500,000	2,500,000
25 HHS-System	347	Reduce Employment First contracts by 10%	Aid	(644,320)	(644,320)
25 HHS-System	347	Replace federal ARRA funds with general funds	Aid	3,200,000	3,200,000
25 HHS-System	347	Eliminate the State Only Food Stamp Program	Aid	(1,055,069)	(1,055,069)
25 HHS-System	347	Reduced 2012 FMAP	Aid	1,376,964	1,644,135
25 HHS-System	348	Replace federal ARRA funds with general funds	Aid	89,282,483	89,282,483
25 HHS-System	348	Restore funds, ADC adults employment non-compliance	Aid	1,600,000	1,600,000
25 HHS-System	348	Utilization increases	Aid	19,579,180	44,072,539
25 HHS-System	348	Provider rate reduction (4%) - Medicaid	Aid	(22,944,338)	(22,944,338)
25 HHS-System	348	Add behavioral health drugs to the Preferred Drug List	Aid	(936,027)	(936,027)
25 HHS-System	348	Durable medical equipment efficiencies	Aid	(783,095)	(783,095)
25 HHS-System	348	Eliminate coverage for legal permanent residents	Aid	(2,627,986)	(2,627,986)
25 HHS-System	348	Eliminate Part D co-pays	Aid	(660,531)	(660,531)
25 HHS-System	348	Increase co-pays to the maximum	Aid	(260,937)	(347,902)
25 HHS-System	348	Pay nursing facility leave days at reduced rate	Aid	(356,064)	(356,064)
25 HHS-System	348	Transfer group home room and board to Child Welfare	Aid	(1,000,000)	(1,000,000)
25 HHS-System	348	Expand physical health managed care statewide	Aid	0	(1,134,867)
25 HHS-System	348	Reduced 2012 FMAP	Aid	19,389,000	26,449,943
25 HHS-System	365	Budget instruction adjustments	Oper	(71,896)	(71,896)
25 HHS-System	365	Fund source shift per request	Oper	(4,200,000)	(4,200,000)
25 HHS-System	365	Inflationary increases for institutions	Oper	110,945	225,762

Agency	Prog	Issue	Type	FY2011-12	FY2012-13	
25	HHS-System	365	Reduce 2.0 Accounting Clerks	Oper	(91,607)	(91,607)
25	HHS-System	365	Contract Reductions	Oper	(238,022)	(238,022)
25	HHS-System	365	Reduced 2012 FMAP	Oper	55,983	78,304
25	HHS-System	365	Base Adjustment for Salary Savings	Oper	(140,190)	(140,190)
25	HHS-System	421	Budget instruction adjustments	Oper	(37,362)	(37,362)
25	HHS-System	421	Inflationary increases for institutions	Oper	130,845	265,918
25	HHS-System	421	Reduce BSDC census	Oper	(672,000)	(672,000)
25	HHS-System	421	Reduce 1.0 Accounting Clerk	Oper	(43,068)	(43,068)
25	HHS-System	421	Contract Reductions	Oper	(158,681)	(158,681)
25	HHS-System	421	Reduced 2012 FMAP	Oper	565,447	753,929
25	HHS-System	424	Develop disability aid, transition from high school	Aid	1,200,000	2,200,000
25	HHS-System	424	Reduced 2012 FMAP	Aid	2,879,550	4,031,001
25	HHS-System	502	Reduce funding, fed qualified community health centers	Aid	(50,000)	(50,000)
25	HHS-System	502	Reduce funding to local health departments	Aid	(50,000)	(50,000)
25	HHS-System	514	Eliminate aid for motor voter to WIC subcontractors	Aid	(16,760)	(16,760)
25	HHS-System	519	Budget instruction adjustments	Oper	(29,544)	(29,544)
25	HHS-System	519	Fund source shift per request	Oper	(2,200,000)	(2,200,000)
25	HHS-System	519	Inflationary increases for institutions	Oper	117,491	238,562
25	HHS-System	519	Reduce 4.0 Accounting Clerks	Oper	(186,348)	(186,348)
25	HHS-System	519	Contract Reductions	Oper	(198,351)	(198,351)
25	HHS-System	519	Base Adjustment for Salary Savings	Oper	(71,631)	(71,631)
25	HHS-System	559	Provider rate reduction (4%) - Care Management	Aid	(81,325)	(81,325)
25	HHS-System	571	Provider rate reduction (4%) - Aid to Aging	Aid	(238,653)	(238,653)
25	HHS-System	870	Reduce 1.0 Accounting Clerk	Oper	(47,809)	(47,809)
25	HHS-System	870	Base Adjustment for Salary Savings	Oper	(38,575)	(38,575)
27	Roads	113	Eliminate the Railway Council	Oper	(2,429)	(2,429)
28	Veterans Affairs	37	Finance Cemetery Operations with Cash Funds	Oper	(8,000)	(6,000)
28	Veterans Affairs	36	Base Adjustment for Salary Savings	Oper	(7,338)	(7,338)
29	Water Resources	311	Reduce to \$500,000; transfer \$1,153,267 to Program 334	Aid	(1,653,267)	(1,653,267)
29	Water Resources	334	Reduction in force.	Oper	(211,163)	(211,163)
29	Water Resources	334	Reallocated funds, tech studies/ NRD cooperative efforts	Oper	1,153,267	1,153,267
31	Military Dept	544	Reduce operating & repair, state-owned facilities	Oper	(67,207)	(67,207)
31	Military Dept	545	Public Safety Communication System	Oper	12,509	12,509
31	Military Dept	544	Base Adjustment for Salary Savings	Oper	(11,805)	(11,805)
31	Military Dept	545	Base Adjustment for Salary Savings	Oper	(5,134)	(5,134)
32	Ed Lands & Funds	529	Eliminate .43 FTE Mapping Specialist	Oper	(33,623)	(33,623)
33	Game and Parks	336	Agency efficiency review and reorganization	Oper	(150,294)	(150,294)
33	Game and Parks	337	Agency efficiency review and reorganization	Oper	(40,373)	(40,373)
33	Game and Parks	549	Agency efficiency review and reorganization	Oper	(672,636)	(672,636)
33	Game and Parks	617	Agency efficiency review and reorganization	Oper	(67,406)	(67,406)
33	Game and Parks	338	Reduced General Fund support, Niobrara Council	Aid	(2,211)	(2,211)
33	Game and Parks	549	Increased costs, Outdoor Heritage Park at Platte River SP	Oper	144,489	107,535
33	Game and Parks	549	Increased costs, recent and planned park developments	Oper	121,493	138,470
33	Game and Parks	550	Gen to cash funds, vehicle insurance premiums	Oper	(408)	(408)
33	Game and Parks	617	Fund shift, General Fund to the Game Cash Fund	Oper	(220,000)	(220,000)

Agency	Prog	Issue	Type	FY2011-12	FY2012-13	
34	Library Commission	252	Office space lease expense.	Oper	25,068	55,650
34	Library Commission	252	Reduction in Library Commission personnel.	Oper	(248,922)	(248,922)
34	Library Commission	302	Reduce General Funds for library aid programs by 10%.	Aid	(113,138)	(113,138)
35	Liquor Control	73	Eliminate Staff Assistant II Position, 1.0 FTE	Oper	(44,419)	(48,419)
46	Corrections	200	Replace one-time use of ARRA funds	Oper	17,000,000	17,000,000
46	Corrections	200	Decrease Cash and Increase General Funds	Oper	200,000	200,000
46	Corrections	200	Inmate Food Cost Increases	Oper	150,000	150,000
46	Corrections	200	Inmate Medical Cost Increases	Oper	1,357,959	2,418,600
46	Corrections	200	Omaha Correctional Center Custody Staff	Oper	130,853	128,853
46	Corrections	200	Cost Savings Initiatives in Health Services	Oper	(480,000)	(480,000)
46	Corrections	200	Decrease of 25 FTE by June 2011	Oper	(1,020,270)	(1,020,270)
46	Corrections	200	Eliminate 4 work crews at the Work Ethic Camp (WEC)	Oper	(223,415)	(223,415)
46	Corrections	200	House Federal Detainees	Oper	(762,120)	(762,120)
46	Corrections	200	Other miscellaneous reductions	Oper	(89,701)	(89,701)
46	Corrections	200	Pay Deputy Director from Revolving Funds	Oper	(136,374)	(136,374)
46	Corrections	200	Reduce IT Applications/Programming Costs	Oper	(250,000)	(250,000)
46	Corrections	200	Reduction in Leased Vehicle Usage	Oper	(100,000)	(100,000)
46	Corrections	200	Reduction in overtime - videoconferencing	Oper	(150,000)	(150,000)
46	Corrections	200	Reduction in overtime at facilities	Oper	(50,000)	(50,000)
46	Corrections	200	Stage 1 Lower Prison Population	Oper	(1,426,294)	(2,631,725)
46	Corrections	200	Stage 1 Lower Prison Population, reduce Central Office FTE	Oper	(200,000)	(200,000)
46	Corrections	200	Stage 1 Lower Prison Population, reduce Program Staff	Oper	(360,000)	(600,000)
46	Corrections	200	Stage 2 Lower Prison Population, reduce Facility Staff	Oper	(480,000)	(800,000)
46	Corrections	200	Public Safety Communication System	Oper	53,238	53,238
46	Corrections	750	LB218-2009 County Jail Reimb to new program in #16	Oper	(3,640,210)	(3,640,210)
47	NETC	533	Conversion from Satellite to Fiber Optics	Oper	(218,000)	(673,000)
47	NETC	533	Conversion from Satellite to Fiber Optics	Oper	218,000	673,000
47	NETC	566	Reduce General Fund Support	Oper	(23,897)	(23,897)
48	Postsecond Coord	640	Reduce General Fund Support for Operations	Oper	(60,693)	(60,693)
48	Postsecond Coord	691	Additional funds, Access College Early (ACE) program	Aid	54,750	54,750
50	State Colleges	48	Depreciation Assessments - Recapture	Oper	(530,060)	(530,060)
51	University of Nebr	781	Building Depreciation Assessment - Recapture	Oper	(3,771,149)	(3,771,149)
54	Historical Society	648	Library/Archives and Museum Staff	Oper	(246,799)	(246,799)
54	Historical Society	648	Maintenance and Security Staffing	Oper	(57,679)	(57,679)
54	Historical Society	648	Historic Sites Staffing	Oper	(54,462)	(54,462)
54	Historical Society	648	Research and Publications Staff	Oper	(41,116)	(41,116)
54	Historical Society	648	Archeology Staff	Oper	(32,714)	(32,714)
54	Historical Society	648	Ford Center Staffing	Oper	(22,496)	(22,496)
54	Historical Society	648	Administration Support Staff	Oper	(21,625)	(21,625)
64	State Patrol	100	Reduce the appropriation for purchase of vehicles	Oper	(1,175,400)	(1,175,400)
64	State Patrol	100	DROP Retirement Contribution	Oper	(371,439)	(547,241)
64	State Patrol	100	Maintenance cost paid by CLEIN fund in the OCIO	Oper	(70,000)	(70,000)
64	State Patrol	100	Information Technology Increases	Oper	250,000	300,000
64	State Patrol	100	Reduce General Funds and increase cash funds	Oper	(829,272)	(829,272)

Agency	Prog	Issue	Type	FY2011-12	FY2012-13
64 State Patrol	630	Capitol Security Fund Source	Oper	(165,128)	(165,128)
64 State Patrol	850	Public Safety Communication System	Oper	(88,791)	(88,791)
64 State Patrol	100	Base Adjustment for Salary Savings	Oper	(619,385)	(619,385)
65 Admini Services	101	Shift Funding for Staff	Oper	(39,418)	(39,418)
65 Admini Services	101	Base Adjustment for Salary Savings	Oper	(7,449)	(7,449)
65 Admini Services	169	Reduce Federal Liaison funding.	Oper	(4,131)	(4,131)
65 Admini Services	535	Risk Management Fund Shift.	Oper	(79,015)	(79,015)
65 Admini Services	560	Eliminate funding, Joslyn Castle operations/maintenance.	Oper	(35,000)	(35,000)
65 Admini Services	592	Decrease for Indemnification.	Oper	(241,250)	0
65 Admini Services	685	Reduce funds budgeted for utilities.	Oper	(197,009)	(197,009)
65 Admini Services	685	Eliminate 1.0 FTE grounds maintenance position.	Oper	(52,872)	(52,872)
65 Admini Services	685	Eliminate 1.0 FTE custodial position.	Oper	(43,132)	(43,132)
65 Admini Services	685	Eliminate utilization of SOS temporary personnel.	Oper	(20,000)	(20,000)
65 Admini Services	685	Reduce funds budgeted for other temporary personnel	Oper	(3,000)	(3,000)
65 Admini Services	685	Base Adjustment for Salary Savings	Oper	(11,556)	(11,556)
67 Equal Opportunity	59	Eliminate computer replacement funding from the base	Oper	(25,484)	(25,484)
67 Equal Opportunity	59	Eliminate two investigator postions	Oper	(102,167)	(102,167)
69 Arts Council	326	Reduce expenses, agency and grant administration.	Oper	(25,276)	(25,276)
69 Arts Council	326	Reduce administrative support position to .50 FTE	Oper	(23,864)	(23,864)
69 Arts Council	326	Elimination of organizational dues.	Oper	(9,655)	(9,655)
69 Arts Council	327	Grant program reduction.	Aid	(66,165)	(66,165)
69 Arts Council	327	Reduce funding for Aid to the Humanities Council.	Aid	(18,620)	(18,620)
69 Arts Council	327	Merge Arts aid and Humanities aid into Program 327.	Aid	167,580	167,580
69 Arts Council	328	Merge Arts aid and Humanities aid into Program 327.	Aid	(167,580)	(167,580)
70 Foster Care	116	Two furlough days for all staff	Oper	(7,870)	(7,870)
72 Economic Develop	600	Elimination of an Office Clerk position.	Oper	(41,563)	(41,563)
72 Economic Develop	603	Innovation Zone Commission sunset	Oper	(133,366)	(133,366)
72 Economic Develop	603	Reallocation of 1 FTE fron General	Oper	(86,380)	(86,380)
72 Economic Develop	603	Battelle-Angel Tax Credit Program	Oper	83,500	83,500
72 Economic Develop	603	Battelle-LB387-Business Innovation Act operations funding	Oper	110,000	110,000
72 Economic Develop	134	Battelle-LB 387 Reallocate Ag Opp & Value-Added funds	Aid	(850,000)	(850,000)
72 Economic Develop	134	Battelle-LB 387 Reallocate Building Entrep Communities funds	Aid	(139,650)	(139,650)
72 Economic Develop	600	Battelle-LB 387 Reallocate Heritage Main Street funds	Aid	(93,100)	(93,100)
72 Economic Develop	601	Battelle-LB 387 Reallocate Microenterprise Develop funds	Aid	(463,172)	(463,172)
72 Economic Develop	603	Battelle-LB387 Business Innovation Act aid funding	Aid	7,000,000	7,000,000
72 Economic Develop	616	Reduction of tourism marketing funding.	Oper	(250,000)	(250,000)
76 Indian Commission	584	Annualization of LB 1002A	Oper	(41,990)	(41,990)
76 Indian Commission	584	Reduce the administrative secretary to half time	Oper	(16,697)	(16,697)
76 Indian Commission	584	Reduce outreach and travel	Oper	(1,460)	(1,460)
77 Industrial Relations	490	Commissioner Conference Attendance.	Oper	(600)	(600)
77 Industrial Relations	490	Commissioner Travel.	Oper	(1,540)	(1,540)
77 Industrial Relations	490	Per Diem Salaries.	Oper	(28,858)	(28,858)
78 Crime Commission	155	Reduction in County Juvenile Services Aid funds	Aid	(14,925)	(14,925)
78 Crime Commission	198	Eliminate Staff / Federal Fund Shift	Oper	(55,500)	(55,500)
78 Crime Commission	198	Eliminate Homicide Study	Oper	(20,000)	(20,000)
78 Crime Commission	199	Transfer Cash Funds and Lower General Funds	Oper	(30,000)	(30,000)

Agency	Prog	Issue	Type	FY2011-12	FY2012-13	
78	Crime Commission	199	Eliminate Staff / Cash Fund Shift	Oper	(180,000)	(180,000)
78	Crime Commission	204	Provide Aid Funding for Program 204	Aid	150,000	150,000
83	Comm Colleges	151	Increase community college aid	Aid	0	1,112,122
84	Environ Quality	513	Reduction of General and Cash fund state aid programs.	Aid	(1,166,600)	(1,358,150)
84	Environ Quality	513	Stormwater Management	Aid	(500,000)	(500,000)
85	Retirement Board	515	Statutory contributions - State School System	Oper	1,411,701	1,199,989
85	Retirement Board	515	Statutory contributions - Class V School System	Oper	150,714	372,191
87	Accnt/Disclosure	94	Reduce Staff by 1.0 FTE	Oper	(41,093)	(41,093)
93	TERC	115	Shift General Fund to Cash Fund.	Oper	(20,000)	(20,000)
93	TERC	115	Reduce "Other Operating Expenses"	Oper	(15,604)	(15,604)
93	TERC	115	Base Adjustment for Salary Savings	Oper	(20,000)	(20,000)
All	Agencies	---	DAS Charges: Accounting, TSB, Workers Comp, Rent	Oper	545,264	610,050
All	Agencies	---	FY12 / FY13 Salary Increases+Equity Salary Adjust	Oper	1,828,837	16,669,579
All	Agencies	---	FY12 / FY13 Health Insurance Increases	Oper	0	0
Construction	---	Difference between FY11 and Committee Level (net)		Const	0	800,000
Total Adjustments (Operations)				Oper	(31,435,570)	(16,445,728)
Total Adjustments (State Aid)				Aid	71,156,331	171,473,478
Total Adjustments (Construction)				Const	0	800,000
Total General Fund Budget Adjustments				Total	39,720,761	155,827,750

COMPARISON TO GOVERNORS RECOMMENDATION

	Committee Preliminary Budget			Governors Recommendation		
	Current Year FY2010-11	Upcoming Biennium FY2011-12 FY2012-13		Current Year FY2010-11	Upcoming Biennium FY2011-12 FY2012-13	
1 BEGINNING BALANCE						
2 Beginning Cash Balance	296,986,417	142,162,190	142,140,137	296,986,417	119,670,338	131,695,201
3 Cash Reserve transfers-automatic	0	0	0	0	0	0
4 Carryover obligations from FY10 (net)	(207,763,520)	0	0	(207,763,520)	0	0
5 Lapse FY11 reappropriations	36,276,862	0	0	15,567,172	0	0
6 Allocation for potential deficits	0	(5,000,000)	(5,000,000)	0	(5,000,000)	(5,000,000)
7 Unobligated Beginning Balance	125,499,759	137,162,190	137,140,137	104,790,069	114,670,338	126,695,201
8 REVENUES						
9 Net Receipts (Oct 2010 NEFAB)	3,364,000,000	3,435,000,000	3,590,000,000	3,364,000,000	3,435,000,000	3,590,000,000
10 General Fund transfers-out (current law)	(120,725,000)	(120,700,000)	(118,200,000)	(120,725,000)	(120,700,000)	(118,200,000)
11 General Fund transfers-in (current law)	in forecast	0	0	in forecast	0	0
12 Cash Reserve transfers (current law)	154,000,000	0	0	154,000,000	0	0
13 2011 General Fund transfers-out	0	(23,300,000)	5,500,000	0	(23,300,000)	5,500,000
14 2011 General Fund transfers-in	0	31,300,000	30,300,000	0	34,620,500	33,620,500
15 2011 Cash Reserve transfers	0	128,000,000	128,000,000	0	130,000,000	130,000,000
16 2011 Revenue Bills	0	0	0	0	2,835,300	(164,700)
17 General Fund Net Revenues	3,397,275,000	3,450,300,000	3,635,600,000	3,397,275,000	3,458,455,800	3,640,755,800
18 APPROPRIATIONS						
19 Appropriations Per 2010 Session	3,405,101,292	3,405,101,292	3,405,101,292	3,405,101,292	3,405,101,292	3,405,101,292
20 2011 Mainline Budget Adjustments - Projected	(26,523,389)	39,720,761	155,827,750	(24,741,227)	36,329,645	148,117,910
21 2011 Mainline Budget Adjustments - Following Bi	0	0	0	0	0	0
2011 Mainline Budget Adjustments - Post Hearing	0	0	0	0	0	0
22 2011 State Claims	2,034,666	0	0	2,034,666	0	0
23 2011 Session "A" Bills	0	500,000	500,000	0	0	0
24 General Fund Appropriations	3,380,612,569	3,445,322,053	3,561,429,042	3,382,394,731	3,441,430,937	3,553,219,202
25 ENDING BALANCE						
26 Dollar ending balance (Financial Status as shown)	142,162,190	142,140,137	211,311,095	119,670,338	131,695,201	214,231,799
27 Dollar ending balance (at Minimum Reserve)			210,526,083			210,258,697
28 Excess (shortfall) from Minimum Reserve			785,012			3,973,102
29 Biennial Reserve (%)			3.0%			3.1%

Over the two-year biennial budget, there is only a \$3.2 million difference between the variance from the minimum reserve under the Committee preliminary budget (+\$.8 million) and the Governor (+\$3.9 million).

The largest difference is the Committee Preliminary Budget includes lapse of reappropriations that is \$20.7 million higher than the Governor. This was offset by higher FY12/FY13 appropriations (\$11.1 million over the two years), a lower amount of transfers from cash funds to the General Fund (\$6.6 million), and a \$4 million lower transfer from the Cash Reserve Fund.

General Fund Appropriations FY2011-12 and FY2012-13

General Fund Appropriations	Governor FY2011-12	Governor FY2012-13	Preliminary FY2011-12	Preliminary FY2012-13
Operations	1,222,850,816	1,235,387,977	1,222,228,014	1,237,217,856
Aid to Individuals	1,033,593,539	1,075,724,071	1,040,827,779	1,082,824,354
Aid to Local Govt	1,171,334,349	1,227,654,921	1,167,964,027	1,226,284,599
Construction	13,652,233	14,452,233	13,802,233	14,602,233
Total	3,441,430,937	3,553,219,202	3,444,822,053	3,560,929,042

Differences from Governor (Operations/Aid)	FY2011-12	FY2012-13	Two Yr Total
Operations	(622,802)	1,829,879	1,207,077
Aid to Individuals	7,234,240	7,100,283	14,334,523
Aid to Local Govt	(3,370,322)	(1,370,322)	(4,740,644)
Construction	150,000	150,000	300,000
Total	3,391,116	7,709,840	11,100,956

Differences from Governor (Major Items)	FY2011-12	FY2012-13	Two Yr Total
HHS Provider rate reduction (4% vs 5%)	6,542,688	6,542,688	13,085,376
TEEOSA Aid to Schools (General Funds only)	2,000,000	4,000,000	6,000,000
Developmental Disability aid (clients transitioning)	1,400,000	2,400,000	3,800,000
Aid to ESU's	2,167,357	2,167,357	4,334,714
Medicaid (exclude ARRA, FMAP, provider rate cut)	1,935,090	696,221	2,631,311
Early Childhood program (shift to Ed Innovation Fund)	(3,365,962)	(3,365,962)	(6,731,924)
High Ability Learners Aid (shift to Ed Innovation Fund)	(2,175,673)	(2,715,673)	(4,891,346)
Public Assistance (exclude ARRA, FMAP, provider rate cut)	(2,593,935)	(2,593,935)	(5,187,870)
Health Care reform implementation	(800,000)	(1,200,000)	(2,000,000)
Interstate Water Litigation (Attorney General)	(2,403,846)	0	(2,403,846)
Other Not Listed (net)	685,397	1,779,144	2,464,541
Total Difference, Committee vs Governor	3,391,116	7,709,840	11,100,956

General Fund Transfers-In (2 Yr Total)	Governor	Committee	Difference
Securities Act Cash Fund	38,000,000	34,000,000	(4,000,000)
Tobacco Products Admin Cash Fund	14,000,000	14,000,000	0
Dept of Insurance Cash Fund	12,000,000	10,000,000	(2,000,000)
Dept of Motor Vehicles Cash Fund	2,000,000	2,000,000	0
Mutual Finance Assistance Fund	1,241,000	600,000	(641,000)
Life Insurance Demutualization Trust Fund	1,000,000	1,000,000	0
General Fund Transfers In	68,241,000	61,600,000	(6,641,000)

Cash Reserve Fund Transfers (2 Yr Total)	Governor	Committee	Difference
To General Fund	260,000,000	256,000,000	(4,000,000)

General Fund, Lapse of Reappropriations	Governor	Committee	Difference
13 Education - Education Aid Unobligated	(47,596)	(47,596)	0
25 HHS - Helpline funds, unused	0	(500,000)	(500,000)
25 HHS - Behavioral Health, unobligated aid	(3,430,389)	(6,860,778)	(3,430,389)
25 HHS - Children's Health Insurance aid	(1,965,160)	(3,930,320)	(1,965,160)
25 HHS - Medicaid	(5,773,093)	(11,546,186)	(5,773,093)
25 HHS - Medicaid fraud settlements	0	(3,400,000)	(3,400,000)
25 HHS - BSDC contingency funds, unused	0	(2,000,000)	(2,000,000)
25 HHS - Developmental Disabilities Aid	(3,387,174)	(6,774,348)	(3,387,174)
25 HHS - Public Health Aid	(284,306)	(568,612)	(284,306)
65 DAS - Capital Commission unobligated operations	(500,000)	(500,000)	0
72 DED - Administration Unobligated aid	(15,816)	(15,816)	0
72 DED - Community & Rural Developme aid	(9,908)	(9,908)	0
72 DED - Industrial Recruitment aid	(33,298)	(33,298)	0
77 CIR - Commissioner Expenses	(59,203)	(59,203)	0
77 CIR - Administration operations	(61,229)	(30,797)	30,432
Total Lapsed GF Appropriations	(15,567,172)	(36,276,862)	(20,709,690)

STATUTORY CHANGES REQUIRED

New Bill Introduction, Rule 5

Rule 5 of the "Rules of the Nebraska Unicameral Legislature," authorize the Appropriations Committee the opportunity to introduce new bills in conjunction with the issuance of their Preliminary Report. The intent of the rule change is to give the committee the opportunity to review budget requests, develop an initial recommendation and then proceed to hearing on proposed funding levels while other standing committees can hear the new bills that enable the recommendation.

THE SPECIFICS OF THE COMMITTEE PRELIMINARY BUDGET DO NOT REQUIRE INTRODUCTION OF NEW BILLS. ALTHOUGH AMENDMENTS WOULD BE NECESSARY TO SEVERAL EXISTING BILLS.

Appropriations Committee Preliminary Budget

The Committee Preliminary budget takes into consideration other bills already introduced by individual senators or committees. Funding levels have been adjusted in anticipation of the passage of these bill. In some cases the Committee Preliminary recommendation would require amendment to the original bills.

LB 59 Change state aid to community colleges provisions (Adams)

LB 120 Designate use of certain funds to administer the Risk Management Program (Avery)

LB 121 Eliminate provisions, the State Fire Marshal from the Volunteer Emergency Responders Recruitment and Retention Act (Avery)

LB 191 Change provisions, sentence reductions (Council)

LB 235 / LB236 Change provisions, state aid to schools (Adams)

LB 259 Change provisions, railroads (Fischer)

LB 450 Extend Supreme Court cash fund authority (Ashford)

LB 255 Eliminate PSC investigation/regulation duties, railroads (Transportation Committee)

LB 333 Change allocation provisions relating to the Education Innovation Fund (Education Committee)

LB 380 Change provisions relating to depreciation charges relating to state buildings (Speaker Flood)

LB 381 Change provisions relating to educational service units, withdraw from the Compact for Education, and eliminate a student achievement coordinator (Speaker Flood, at the request of the Governor)

LB 383 Eliminate state aid for municipalities, counties, and natural resources districts (Cornett)

LB 385 Terminate provisions of the Low-Income Home Energy Conservation Act (Utter)

- LB 387** Adopt the Business Innovation Act and eliminate economic development programs (Hadley)
- LB 388** Adopt the Site and Building Development Act and change provisions relating to the Affordable Housing Trust Fund (Wightman)
- LB 389** Adopt the Angel Investment Tax Credit Act (Cornett)
- LB 390** Change provisions relating to jails and corrections and create the Community Corrections Division of the Nebraska Commission on Law Enforcement and Criminal Justice (Ashford)
- LB 464** Change child care reimbursement (Campbell)
- LB 465** Eliminate provisions relating to eligibility of non-United-States citizens for public assistance (Campbell)
- LB 466** Change provisions relating to a preferred drug list under the Medicaid Prescription Drug Act (Gloor)

Governor Recommendation (Not in Committee Preliminary)

In addition to those bills listed above that are included in the Committee Preliminary Budget, the Governors included other bills to enable the specifics of his recommendation.

- LB 158** Change driver's license examination and issuance provisions (Fischer)
- LB 163** Change provisions, parking permits and license plates for handicapped or disabled persons and authorize a state electronic application system (Fischer)
- LB 170** Change motorcycle safety education provisions (Fischer)
- LB 178** Change commercial drivers' licenses provisions (Transportation)
- LB 210** Change revenue and taxation provisions (Cornett)
- LB 215** Change state identification card and motor vehicle operator's license provisions (Fischer)
- LB 382** Change deposit and contribution rates for certain retirement systems (Nordquist)
- LB 384** Eliminate a commissioner of the Tax Equalization and Review Commission and authorize single commissioner hearings (Cornett)
- LB 386** Provide job training grants for interns (Heidemann)
- LB 467** Change eligibility provisions relating to the medical assistance program (Campbell)
- LB 468** Change reporting provisions relating to the medical assistance program (Campbell)

Mainline Appropriations Bills

The following bills are the standard appropriations bills as introduced by the Governor that authorize the bulk of state government expenditures. They are listed here for information only.

LB 373 Provide for deficit appropriations and make certain transfers (Speaker Flood, at the request of the Governor)

LB 374 Appropriate funds for state government expenses (Speaker Flood, at the request of the Governor)

LB 375 Provide appropriations for legislative salaries (Speaker Flood, at the request of the Governor)

LB 376 Appropriate funds for salaries of constitutional officers (Speaker Flood, at the request of the Governor)

LB 377 Provide appropriations for capital construction (Speaker Flood, at the request of the Governor)

LB 378 Create and transfer funds (Speaker Flood, at the request of the Governor)

LB 379 Transfer money from the Cash Reserve Fund (Speaker Flood, at the request of the Governor)